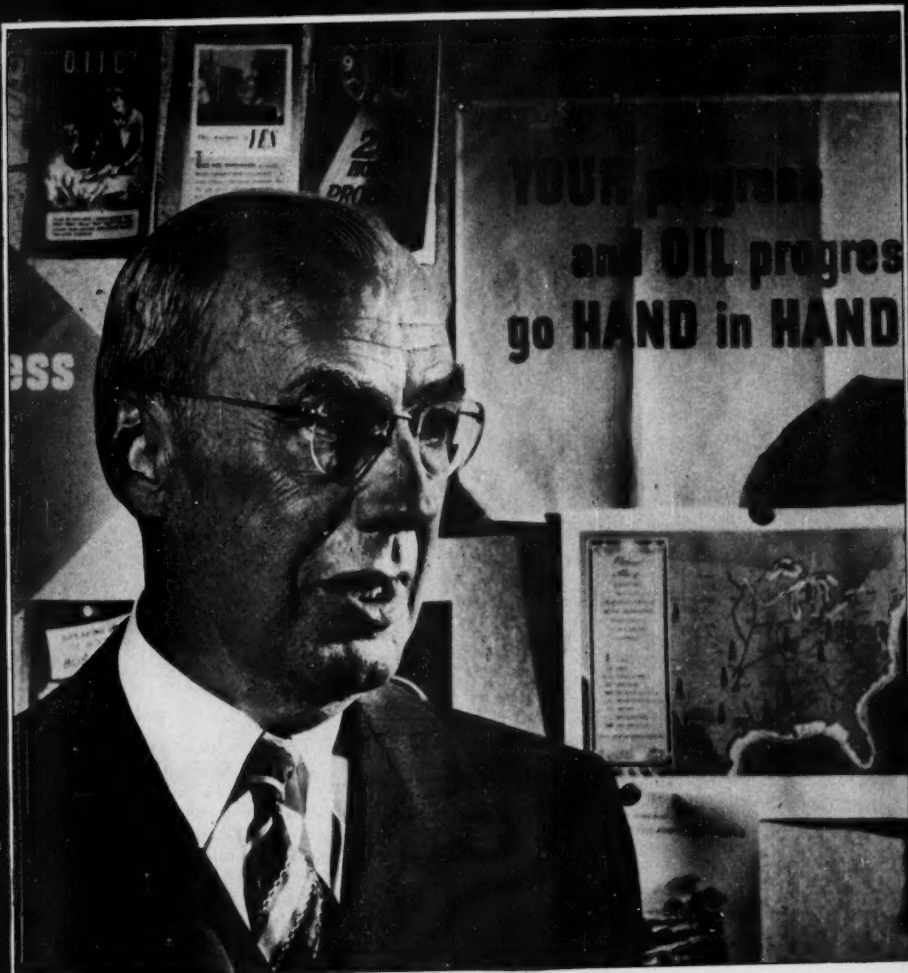


BUSINESS WEEK

Is Marketing
A Science?

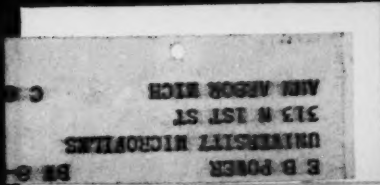
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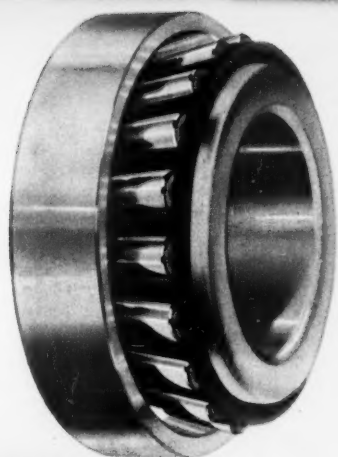
L. S. Wescoat: New chairman of the oil industry's active API (page 63)

A MCGRAW-HILL PUBLICATION

NOV. 10, 1951



THE *BETTER* THE
BEARINGS
THE *BETTER* YOUR



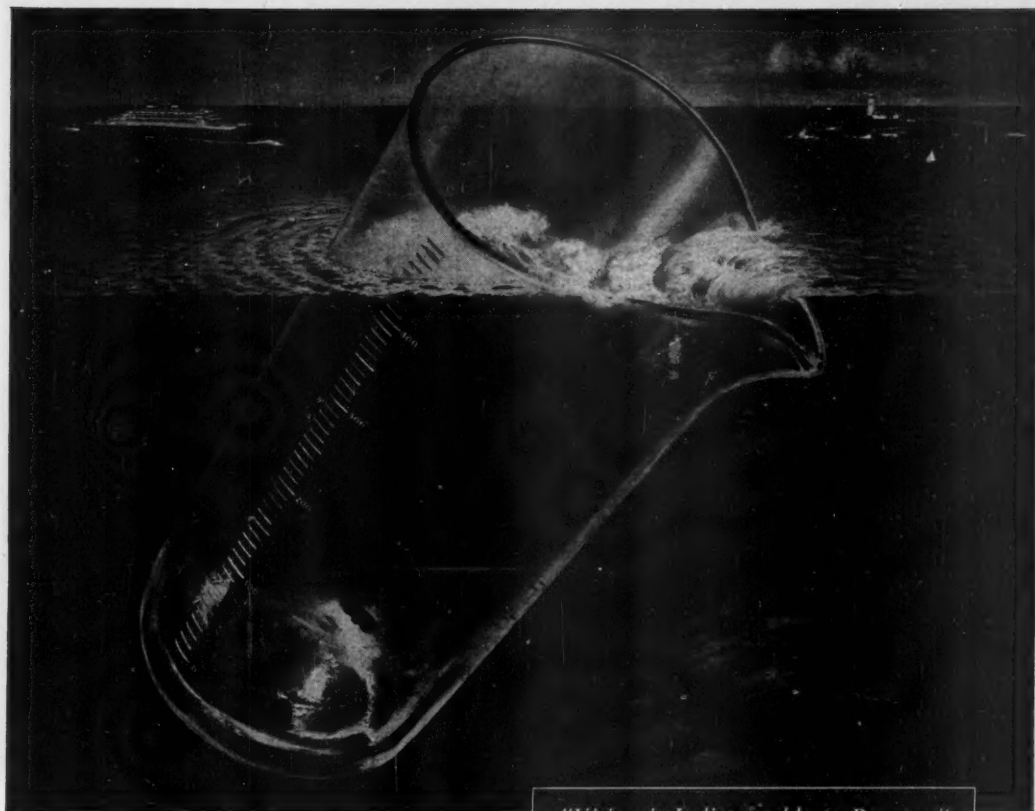
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How much salt water contains 5-million tons of metal?

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Basic chemical raw materials, previously imported or refined at great expense, now are produced synthetically in volume from abundant local materials. From hydro-carbons alone the chemical industry now produces over fifty-thousand compounds.

The vast changes in our econ-

omy and the measurable advance toward continental self-sufficiency brought about by the chemical industry are typical of the forward strides being made by progressive American companies.

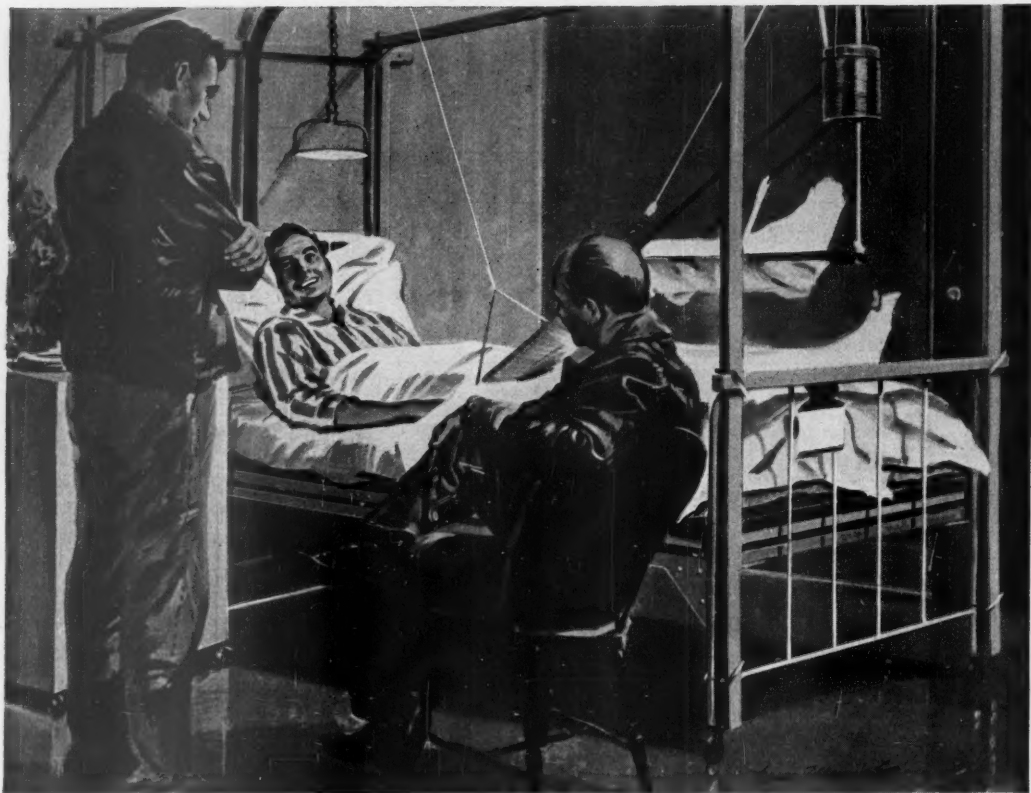
Only under a system of free competitive enterprise can men exercise the vision and initiative essential to such progress.

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These Claim Service men provide physicians, surgeons, specialists, and consultants to serve the injured employee—a service that assures him of the best physical care and hastens his return to the job.

And above all, with Travelers Compensation insurance, you get the services of the world's most competent staff of Safety Engineers to help you reduce accidents and cut your insurance costs.

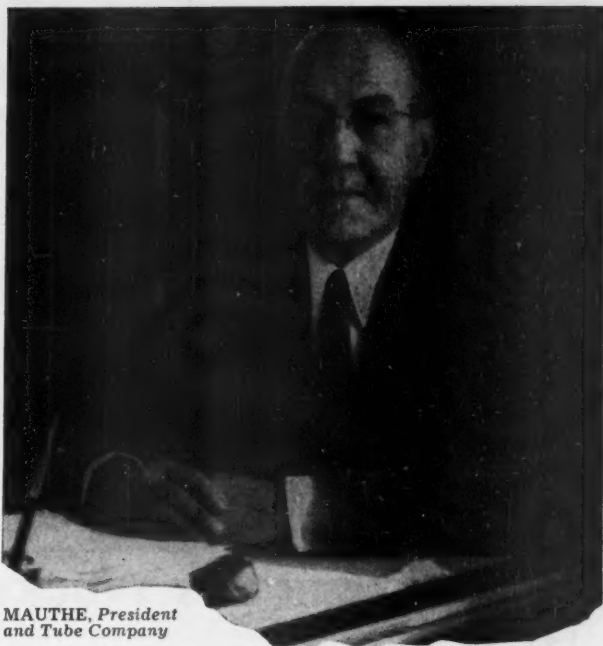
Let your Travelers agent or broker tell you more about Travelers Compensation insurance and how Travelers service can increase the value of this insurance—to you and your employees.

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The Travelers Insurance Company, The Travelers Indemnity Company, The Travelers Fire Insurance Company, The Charter Oak Fire Insurance Company, Hartford 15, Connecticut.

Why is the scrap situation so critical?



*An interview with J. L. MAUTHE, President
The Youngstown Sheet and Tube Company*

Why are you concerned about iron and steel scrap, Mr. Mauthe?

Our inventories are critically low and the present scrap flow is not sufficient to maintain capacity steel plant operations. Furthermore, if the flow of scrap is not increased, a curtailment of steel production is inevitable.

The industry is using all the pig iron and all the home scrap that is available. The balance of our metallic requirements must be made up through procurement of purchased scrap. Every ton of scrap that we do not get represents a ton of steel that we cannot make.

How much scrap does the industry need?

In 1950, 96,700,000 tons of steel ingots and castings were produced, requiring over 61,000,000 tons of iron and steel scrap.

In 1951, over 65,000,000 tons of scrap will be required, and even more will be needed in 1952.

Where does scrap come from?

About 58% of the total scrap required is produced by the ingot and casting makers, and is known as "home" scrap; the balance of 42% is "purchased" scrap and is procured from outside sources.

Purchased scrap generally falls into two categories: Scrap from current fabrication and that which is the result of obsolescence.

There are three important sources from which we get obsolete scrap, much of which is dormant:-

- 1 - Obsolete machinery and equipment in every industrial plant, at the oil fields and on the farms.
- 2 - Battlefield scrap, obsolete ships and war material, surplus machinery and equipment, which government can make available.
- 3 - Countless old automobiles and trucks, which are rusting away in automobile wrecking yards in every section of the country.

What can be done to increase tonnage of purchased scrap?

This scrap must be made available immediately! All industry and government must awaken to the critical nature of the situation. They must realize that if we do not get the scrap, they will not get the steel!

**YOU CAN HELP - YOU MUST HELP!
NO SCRAP - NO STEEL**



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BUSINESS WEEK • Nov. 10, 1951



Above the Flooded River. Poised a few feet above the swirling flood, a telephone repairman tests a cable on a bridge between Kansas City, Kansas, and Kansas City, Missouri, while his companion uses a walkie-talkie to co-ordinate repair work. In other places, telephone men were forced to take to boats.



Meeting the Emergency. Telephone people not only worked valiantly to restore service but to keep it going. Dikes were thrown around telephone offices. Switchboards raised above rising waters. Emergency power plants set up. Mobile radio telephones rushed to towns where telephone offices were washed out.

FIGHTING THE NATION'S COSTLIEST FLOOD

From the flooded sections of Missouri, Kansas and Oklahoma have come stories of the loyalty, skill and courage of telephone people in one of the Nation's worst floods.

Many returned from vacations to help. In one town, a single radio appeal for former operators brought twice as many as were needed. Hundreds of trained telephone people from other states were rushed to the scene to help their fellow workers.

Once again the Western Electric Company — the Bell System's manufacturing and supply unit — proved its value in an emergency.

By plane, fast freight and truck it rushed millions of feet of cable and wire, telephones, switchboards and other needed equipment.

No one can tell when or where such emergencies will occur, but the Bell System has to be ready and able to handle them when they happen. That means financially able as well as physically able.

This points up again that it takes a financially strong telephone company, with a strong supply organization like Western Electric, to give the Nation the service it requires.



(Advertisement)

Flying to the Flood Front.

Part of one hundred Long Distance operators who were flown from New York, Louisville and Chicago to Kansas City, Missouri, where a flood of calls followed the flood of waters. With traditional Bell System speed and teamwork, they pitched in to help at busy switchboards in the stricken areas.



BELL TELEPHONE SYSTEM

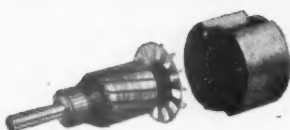
IMPROVED PRODUCT APPEARANCE....

WITH

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SPECIAL APPLICATION FRACTIONAL HORSEPOWER MOTORS

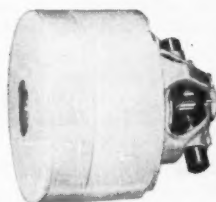
an end result of special engineering



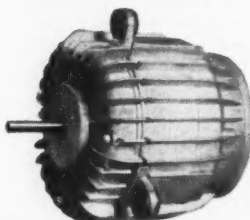
Universal motor parts for portable electric tools, garage equipment and other industrial devices.



A motor engineered for compact assemblies... as computing machines and other motor driven office equipment.



Compactly designed turbine provides dependable operation for canister-type vacuum cleaner.



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Appearance, an important factor whatever the service of the product, often can be greatly improved by the use of a specially engineered Lamb Electric Motor.

For example, reduction in product weight and compactness—two major steps in giving a product greater eye-appeal—frequently can be obtained with a Lamb Electric Motor, if it is considered in the early stages of product development.

Teaming up of your engineering department and ours also may result in product design changes which will improve product performance and lower cost.

The Lamb Electric Company • Kent, Ohio

THEY'RE POWERING AMERICA'S *Finest* PRODUCTS

Lamb Electric

SPECIAL APPLICATION FRACTIONAL HORSEPOWER MOTORS

In BUSINESS this WEEK...

• Aluminum

A big new producer has suddenly emerged. P. 20

• Steel

Despite the talk, there's not enough of it yet, but the day is in sight. P. 150

• Oil

You can make it synthetically—but will it cost 11¢ or 41¢? P. 70

• Paper

With holes punched in it, it'll run a machine tool for you. P. 48

• Cloth

The California designers may not put so much of it on the girls as other people do, but they claim they do it just as smartly as anyone. P. 78

• High Explosive

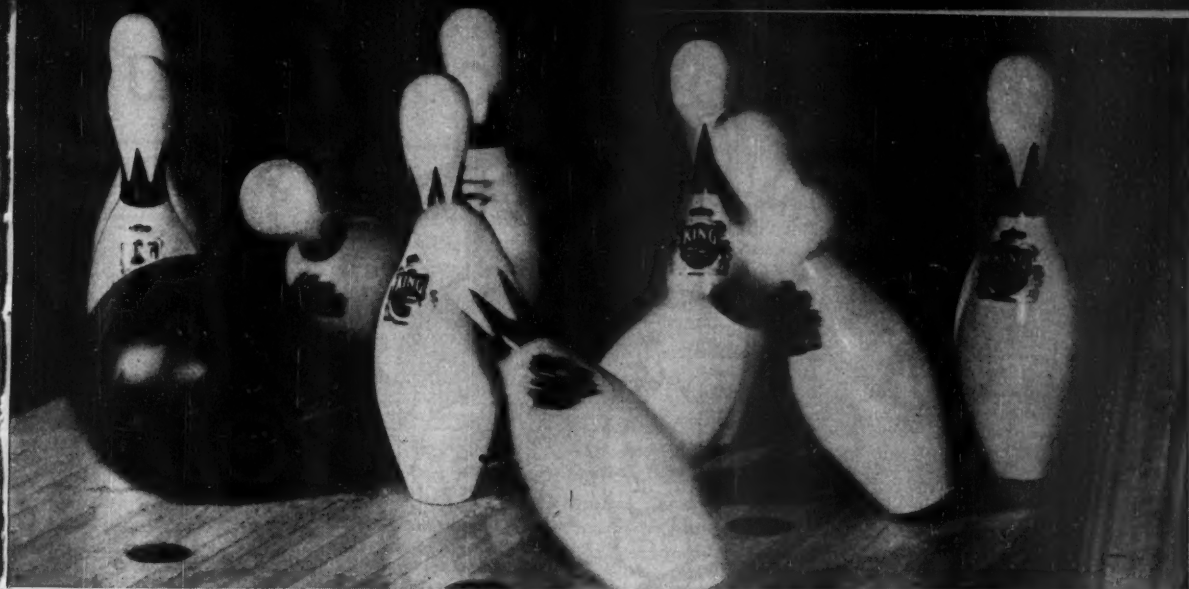
A new way of delivering it may create a new industry. P. 106

• Advice

It's rapidly becoming a commodity of commerce—but no one knows much about it. P. 117

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BECAUSE BOWLING PINS TAKE SUCH EXTREME PUNISHMENT, they need a finish that can resist hard knocks without chipping or cracking—added protection against splintering, which destroys the bounce and balance re-

quired for perfect play. A special formulation of tough, durable Du Pont lacquer meets these requirements—keeps thousands and thousands of bowling pins in service over longer periods of time.

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**Du Pont Lacquer for Bowling Pins—typical
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Whether you seek a finish that makes your product last longer—that adds beauty and sales appeal—that requires special properties to fit some particular need—or a finish that may reduce over-all production cost—contact the Du Pont Finishes sales technician in your area or write to the address below.

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HOW FAST WILL A FINISH FAIL? The Accelerated Weathering Cabinet gives Du Pont paint chemists a speedy answer on the probable rate of fading and chalking. It exposes finished test panels to the destructive ultra-violet rays of a carbon arc. And to increase the severity of the test, water is sprayed on the panels for eighteen minutes of each two-hour cycle.



EYE-CATCHING SALES APPEAL is making Du Pont DULUX the favorite top-coat finish of more and more furniture manufacturers. DULUX produces a rich sheen of lasting beauty that spells quality to the most exacting home owner. Moreover, because one spray coat does the job of multiple coats of lower-solids finishes, DULUX can cut top-coat costs by 30%, application time by 50%.



Wherever they handle food you're sure to find Stainless Steel

YOU'LL encounter stainless steel before you even get inside many a restaurant these days—on the marquee, building-front, sign or show window. There's a lot more in the dining-room—on the tables, the serving-stands, and in decorative notes. And back in the kitchens there's a veritable blaze of shining stainless steel . . . utensils, cabinets, work surfaces, ovens, mixers, walk-in refrigerators, washing machines—almost everything you see, everywhere you look.

Now, why? Because the chefs like it? Yes, partly. But mostly because restaurant and hotel men and food processors are good businessmen—and *Allegheny Metal is good business!* No metal commercially available today is as hard, strong and resistant to corrosion, heat and wear as stainless steel. No other metal cleans as easily, quickly and

cheaply, or gives as lasting service in the long run.

Those are values that make Allegheny Metal a vital material for many other essential uses beside the food industry. ● We're continuing to spend many millions of dollars to increase our production; but in addition, let us help you to find ways of using stainless steel more advantageously, and make the supply go farther.

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BUSINESS OUTLOOK

BUSINESS WEEK

NOV. 10, 1951

A
BUSINESS
WEEK
SERVICE

Business, clearly, is waiting for something to pop it off dead center.

Up to now, crosscurrents have almost exactly canceled out: Higher activity in the capital goods industries has been washed out by the declines in most consumer goods lines.

But a change is shaping up. Consumers already are buying a little more freely—and this coincides with the steady rise in government spending. Will that bring the upturn? Business is watching hopefully.

Employment figures clearly show the static condition of business.

In October more people had jobs than ever before for that month. That's in line with the high level of the economy.

Nevertheless, there was no change worth reporting from September. A few more people were working on farms, and a few more in factories, but the changes were too small to have any significance.

Unemployment continues right around the 1.6-million mark. It can't go much lower. But it shows no tendency to go higher, either; people who quit or are fired, on balance, find new jobs almost at once.

Consumers' disposition to save rather than spend shows through even in the figures for on-the-cuff sales.

People are buying less on credit than in any autumn since the war ended. Strikingly, charge accounts (which are subject to no restrictions) went down by \$43-million from July to the first of October.

In the same period, all consumer credit went up \$221-million. A year earlier, during the buying scare, it was up by \$1-billion.

Easing of the rules on instalment credit gave no more than a mild stimulant to lagging retail lines.

In the first two months after the Federal Reserve's Regulation W was modified, the volume of instalment credit rose only \$251-million; a little less than half of that was on autos.

A year ago, instalment debt went up three times that fast.

As for noninstalment credit, the figure declined some \$30-million for the two months, against a rise of nearly \$300-million a year earlier.

Some of the upturn in retail sales late in October was a rush to beat the new excise taxes. For example, the big item in last week's 6% rise for New York City department stores was on pre-excise liquor buying.

Yet the stores also thanked cooler weather for better clothing sales.

Corporations have more working capital than ever before (page 144). Yet management rarely has been more concerned about ready cash (page 19).

One of the things that many people forget is that much of today's working capital isn't derived from earnings retained in the business.

Take the second quarter this year. The Securities & Exchange Commission reports a gain of \$1.2-billion in corporations' net working capital.

But nearly half of that was raised through sale of securities.

And much the same is true of money invested in plant and equipment.

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK

NOV. 10, 1951

While industry was laying out \$5.6-billion on capital improvements, it had to go to the public for more than \$2-billion in new money.

Wage negotiations are coming at a difficult time. The squeeze on profits—between rising costs on the one hand and higher taxes on the other—is very likely to stiffen management attitudes on wage rates.

Business failures are fewer—but they also are more costly.

Dun & Bradstreet's latest report lists 620 failures in September. That's the lowest in a year, except for last February.

But liabilities involved rose to \$26,643,000. That's the highest monthly total, with no exceptions, in more than a year.

That rural market for factory goods is in fine shape in spite of some declines in prices of farm products.

Washington figures that net incomes of farm operators this year will add up to just about \$15-billion. That isn't a record (the top was \$17-billion in 1947), but it's \$2¼-billion better than last year.

And don't forget that this market depends on what the farmer is worth as well as what he earns. Total agricultural assets, as of the start of this year, are placed at \$143-billion, rising 13% in 12 months.

But this isn't all gravy. If these holdings were valued in terms of 1940 dollars, the rise in assets would have been only 2%.

Here are some changes to look for in California's farm market:

About 91,000 acres will be taken out of cotton. Declines also are predicted for some other crops overplanted this year—rice, canning tomatoes, beans, flaxseed.

Those prospects are cited by experts from the University of California's agricultural college and the U. S. Dept. of Agriculture.

They advocate more cereals, alfalfa, pasture, and sugar beets.

More edible oil than expected is likely to seek a market in the 1951-52 season. That has been the feeling in grain circles for some weeks.

The soybean crop ripened under favorable conditions. Harvesting weather has been fully up to average until these last few days.

The result, grain men feel, will be a yield in excess of the 271-million bu. forecast a month ago. This weekend's crop report may show it.

Manmade rubber continues to boom, even though the suspicion is growing that stocks of passenger car tires are getting top-heavy.

Output of synthetic is running at a rate of 760,000 tons yearly, the RFC says. A rate of 860,000 tons is expected by New Year's.

At the beginning of 1951, the annual rate was only 540,000 tons.

Lead suddenly has jumped almost to the head of the tight-metals list.

A few months ago this metal was plentiful enough so that the International Materials Conference didn't even consider allocating it.

Then, for November, users asked five times the probable supply.

What happened? Imports are down to one-third last year's level; another strike has hit domestic output; ceiling prices dried up the scrap supply.

Stone or Steel



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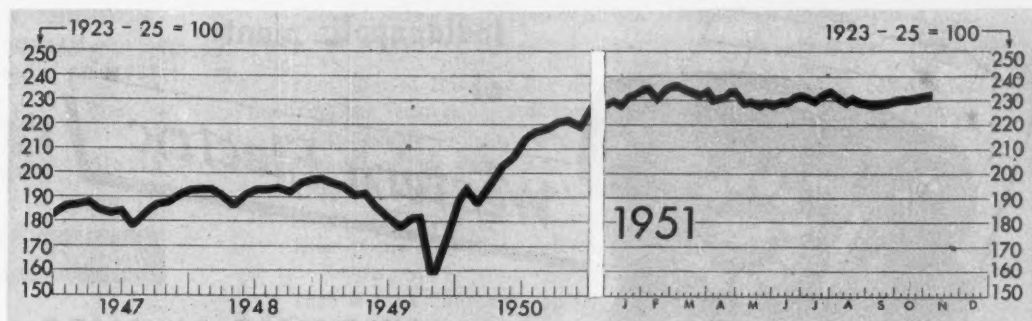
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AGENT OR BROKER AS YOU WOULD
YOUR DOCTOR OR LAWYER

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Fidelity Insurance Company of Canada, Toronto**

FIGURES OF THE WEEK



Business Week Index (above)

PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1946 Average
Steel ingot production (thousands of tons).....	2,019	2,089	2,035	1,987	1,281
Production of automobiles and trucks.....	119,247	†121,215	112,868	177,096	62,880
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$32,767	\$33,950	\$50,421	\$35,108	\$17,083
Electric power output (millions of kilowatt-hours).....	7,319	7,234	7,156	6,551	4,238
Crude oil and condensate production (daily av., thousands of bbls.).....	N.A.	6,340	6,338	5,896	4,751
Bituminous coal production (daily average, thousands of tons).....	1,923	†1,893	1,846	1,954	1,745

TRADE

Carloadings: manufactures, misc., and l.c.l. (daily av., thousands of cars).....	82	84	82	85	82
Carloadings: all other (daily av., thousands of cars).....	62	64	62	63	53
Department store sales (change from same week of preceding year).....	+4%	+10%	+3%	+5%	+30%
Business failures (Dun and Bradstreet, number).....	143	155	133	181	217

PRICES

Spot commodities, daily index (Moody's Dec. 31, 1931 = 100).....	458.6	457.6	465.5	475.9	311.9
Industrial raw materials, daily index (U.S. BLS, Aug., 1939 = 100).....	313.5	315.3	319.7	329.9	198.8
Domestic farm products, daily index (U.S. BLS, Aug., 1939 = 100).....	356.8	356.5	358.4	352.2	274.7
Finished steel composite (Iron Age, lb.).....	4.131¢	4.131¢	4.131¢	3.837¢	2.686¢
Scrap steel composite (Iron Age, ton).....	\$42.00	\$42.00	\$43.00	\$41.67	\$20.27
Copper (electrolytic, Connecticut Valley; lb.).....	24.500¢	24.500¢	24.500¢	24.500¢	14.045¢
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.).....	\$2.49	\$2.48	\$2.41	\$2.22	\$1.97
Cotton, daily price (middling, ten designated markets, lb.).....	38.99¢	37.77¢	36.62¢	40.34¢	30.56¢
Wool tops (Boston, lb.).....	\$2.40	\$2.45	\$2.50	\$3.15	\$1.51

FINANCE

90 stocks, price index (Standard & Poor's).....	181.2	180.7	188.3	156.1	135.7
Medium grade corporate bond yield (Baa issues, Moody's).....	3.54%	3.54%	3.47%	3.23%	3.05%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	2½%	2½%	2½-2½%	1½-1½%	2-1%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	52,124	52,251	50,517	49,471	††45,210
Total loans and investments, reporting member banks.....	72,648	72,606	71,223	69,237	††71,147
Commercial and agricultural loans, reporting member banks.....	20,571	20,472	20,171	16,529	††9,221
U. S. gov't and guaranteed obligations held, reporting member banks.....	31,926	31,940	30,878	33,535	††49,200
Total federal reserve credit outstanding.....	24,427	24,841	25,030	19,860	23,883

MONTHLY FIGURES OF THE WEEK

	Latest Month	Preceding Month	Year Ago	1946 Average
Employment (in millions).....October.....	61.8	61.6	61.8	55.2
Unemployment (in millions).....October.....	1.6	1.6	1.9	2.3
Consumer credit outstanding (in millions).....September.....	\$19,356	\$19,262	\$19,329	\$6,802
Installment credit outstanding (in millions).....September.....	\$13,156	\$13,044	\$13,344	\$3,025
Manufacturer's inventories (seasonally adjusted, in billions).....September.....	\$41.0	\$40.6	\$30.1	\$20.5
Wholesaler's inventories (seasonally adjusted, in millions).....September.....	\$10,067	\$10,074	\$8,424	\$5,505
Retailer's inventories (seasonally adjusted, in millions).....September.....	\$18,810	\$19,429	\$16,599	\$9,359

*Preliminary, week ended Nov. 3.
††Estimate (BW—Jul. 12/47, p16).

N.A. Not available at press time.

§ Date for "Latest Week" on each series on request

† Revised.

In the new
Indianapolis plant
of

Western Electric

... JENKINS VALVES

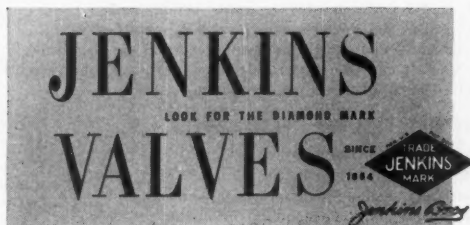
As in so many of America's most modern industrial structures, Jenkins Valves are also used to stand guard against operating failure in the world's largest plant for the manufacture of telephone sets.

Pipelines for such services as water supply, sanitation, and fire protection are the main arteries in the vast circulatory system of a modern plant. The choice of Jenkins Valves for vital control points on these lines is a significant tribute to their proved dependability, safety, and lasting economy.

This confidence in the *extra measure* of efficiency and endurance built into Jenkins Valves is shared by the nation's leading architects, engineers, and contractors in every field of construction.

Yet, despite this extra value, *you pay no more* for Jenkins Valves. For new installations, for all replacements, let the Jenkins Diamond be your guide to lasting valve economy. Jenkins Bros., 100 Park Ave., New York 17; Jenkins Bros., Ltd., Montreal.

OF THE MANY JENKINS VALVES installed in Western Electric's new 20-acre plant, these two serve the return cooling water from the air compressors. The cooling water system for the plant has a pump capacity of 3600 gal. per min. Water system, fed by 500,000 gallon storage tank, also requires complex networks of piping and valves. A highly efficient water cooling and recirculating hookup permits re-use of 60% of the 3000 gal. per min. required in plant operation.



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WASHINGTON OUTLOOK

WASHINGTON
BUREAU
NOV. 10, 1951



Before building your hopes of a general East-West settlement too high, take a look around:

Look first at Russia. For months now, she's hinted at peace talks, picturing the West as the war threat. Her president even wrote Truman.

Look next at Truman's past attitude. He felt Russia's moves were propaganda and her word wasn't worth anything.

Then look at the criticisms here at home, the needling of Truman for shrugging off Russia's gestures and making none of his own.

Look at the attitude of our European allies. Some are afraid we are so anti-Russia that we are inviting war and passing up peace.

Then look at Churchill's plans. He wants to talk with Stalin before the East-West arms race gets out of hand.

This puts Truman under tremendous pressure. International politics require that he do something to combat the spreading doubts overseas that maybe, after all, it is U.S. policy that keeps war threats high. Domestic politics play a part, too. It's important that the President do all he can do to prevent a war label from being pinned on his party.

But Washington is frankly doubtful of the results. The whole attitude is that the West's military strength hasn't yet reached the stage where Russia will feel that now is the time to back off. Even if the Big Four hold face-to-face talks, it will take time to bridge the East-West gap.

Short-term business prospects won't be altered by a peace flurry. Our own arms plans are set through next midyear—the money is voted—and they won't be cut. Orders for arms are being placed at a rising rate. Any limitation that the East and West might ultimately work out is far in the future. So it won't be a factor in defense production this year or next.

Talk of steep inflation is soft-pedaled more and more. Economists in the Administration who a few months ago whooped up the dangers of heavy pressures late this year are retreating. The shortages and scare buying they expected haven't developed.

But the danger of any sharp slide is discounted. The government forecasters are split on what will follow a cease-fire in Korea. Some speculate that there will be a dip. But they don't think it will be either deep or long.

Anaconda Copper as a new producer of aluminum has been suggested by the General Services Administration (page 20). Here's how it came about:

A rival for the Big Three of light metal—Alcoa, Kaiser, and Reynolds—long has been a project of the government planners.

Harvey Machine Co. was the likely candidate (BW—Nov. 3 '51, p62). It was in the field, making aluminum products, and anxious to spread into the basic metal. But it needed government financing.

GSA proposed a "rich partner" to get around the financing problem and insisted that Harvey accept Anaconda on a deal.

The freeze on new TV stations may thaw next spring. The prospect now is that the Federal Communications Commission will resume issuing

WASHINGTON OUTLOOK (Continued)

WASHINGTON
BUREAU
NOV. 10, 1951

licenses along about April or May and that some 80 stations will go on the air the following year.

That'll be a boon to set makers and dealers. Stations will go first to areas that now are without TV. This will mean the opening of completely fresh markets.

Government grabbing of hydroelectric sites may take a new setback. A Circuit Court of Appeals dealt the first blow recently when it said, in effect, that Secretary of the Interior Chapman had no business trying to stop a private utility from building a plant at Roanoke Rapids, N. C. Interior now is uncertain whether the case should be taken to the Supreme Court. And failure to appeal would amount to an invitation to private companies to seek more hydro licenses from the Federal Power Commission.

Truman has tipped his hand on strategy for 1952. His orders to McKinney, the new party chief, are to get ready for the sort of campaign that won in 1948.

It'll be the Fair Deal again, with its bloc appeals. Party bosses are organizing for another "what's-in-it-for-you" fight.

Here are some highlights:

For labor—repeal of the Taft-Hartley act and a minimum wage raise from the present 75¢ to a "buck an hour."

For the aged—more social security, payable immediately.

For the sick—government (socialized) medical service.

For minorities—the Fair Employment Practices Commission (FEPC).

For housewives—lower prices, especially on food.

For farmers—a rising income, through Brannan-type subsidies.

The frosting on the cake for everyone will be peace and prosperity—with the emphasis on prosperity.

It's a time-tried recipe. The fact that it's old—and that there's been little effort to really put it over in the past—is considered no handicap. The strategy rests on a venerable political idea—that voters are more interested in promises than in performance.

Scandal in government is arousing voters. The elections this week made that clear.

Examples: Philadelphia, where the Republicans were swept out; New York City, where crime-fighter Halley won the presidency of the City Council. It was much the same in other cities where corruption was a hot issue, and it points to tough going for the "ins" in 1952.

Ike is a candidate. That's the consensus of Washington's political writers. (They, not diplomatic correspondents, covered the general's visit.) Eisenhower wouldn't talk of his plans. He had chance after chance to say he wasn't interested. But he turned them off astutely, in the full knowledge that his action would be taken as a sign that he will run. So—the boom is on.

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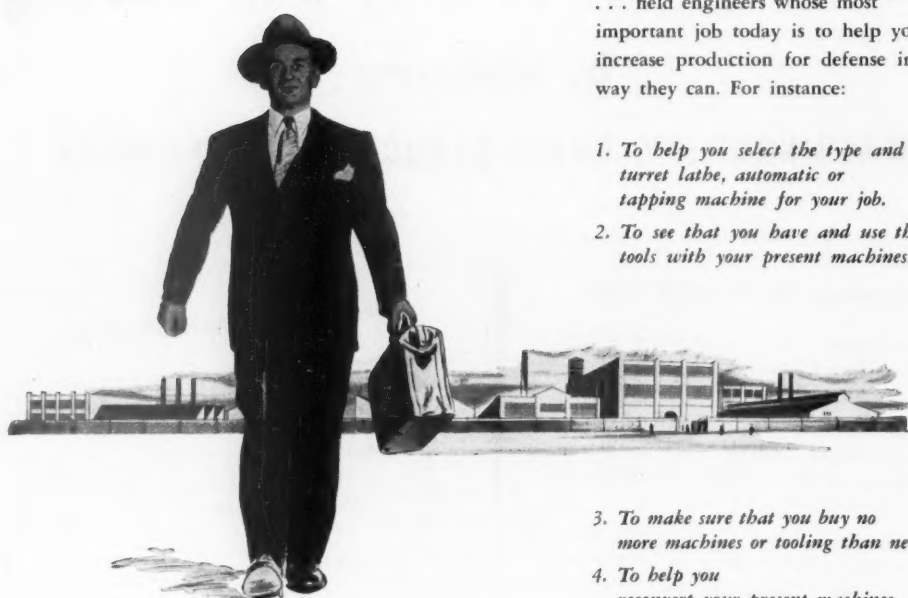
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At the present time, the bulk of the nickel produced is being diverted to defense. Through application to the appropriate authorities, nickel is obtainable for the production of engineering alloys for many end uses in defense and defense-supporting industries.

THE INTERNATIONAL NICKEL COMPANY, INC. 67 WALL STREET
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*What are your salesmen
doing these days?*

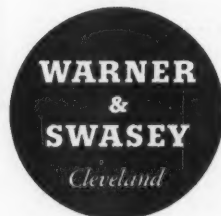
● This question is being asked of us pretty frequently.

Actually our "salesmen" are 45 factory-trained machine tool specialists . . . field engineers whose most important job today is to help you increase production for defense in every way they can. For instance:

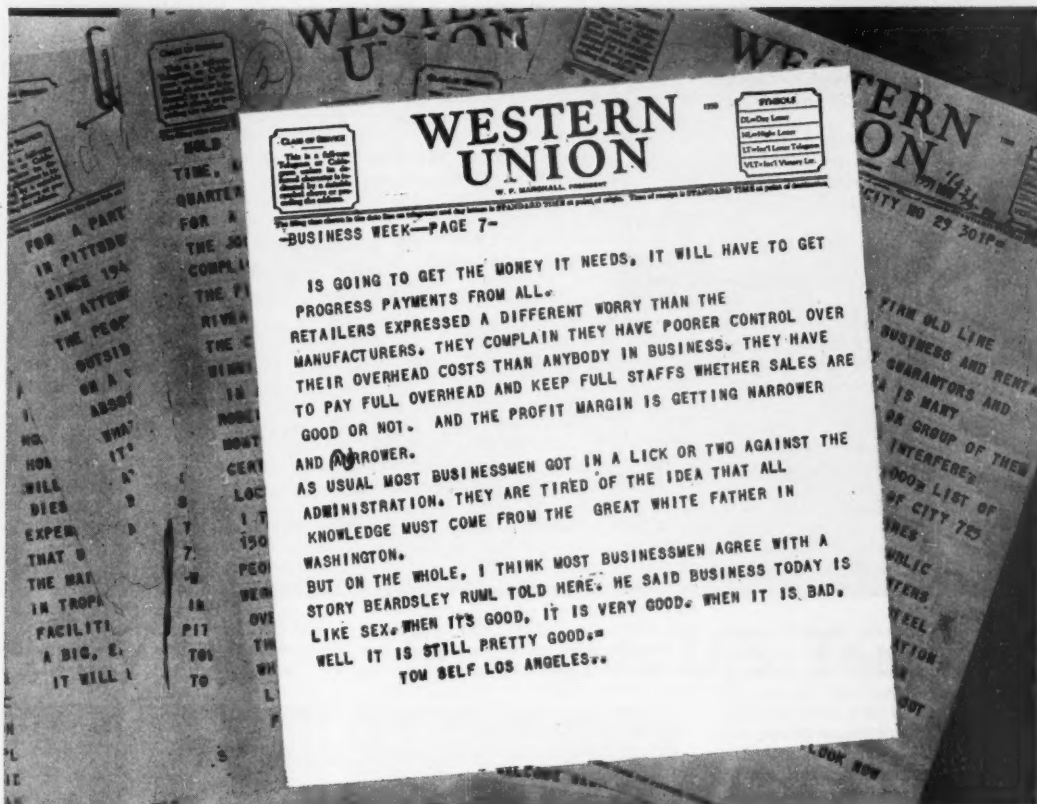
1. To help you select the type and size turret lathe, automatic or tapping machine for your job.
2. To see that you have and use the right tools with your present machines.

3. To make sure that you buy no more machines or tooling than necessary.
4. To help you reconvert your present machines.
5. And, as always, to recommend the machine you need—even if it isn't a Warner & Swasey.

Busy as he is, your Warner & Swasey Field Engineer will be glad to help you whenever he can. He's a good man to know these days. Get in touch with him when you have a machining problem.



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REPORTS from BUSINESS WEEK reporters all over the country picture a business boom plus a . . .

Prime Business Worry: Taxes

Four months ago, when BUSINESS WEEK reporters across the nation buttonholed businessmen to get answers to the question "What worries you?" they didn't come up with very much (BW-Jun. 30 '51, p. 26). Management men just weren't worrying a lot.

Last week it was a radically different story. From all over the country reporters kept wiring in: "They're screaming about rising costs, higher taxes, and the squeeze on profits." No other problem—including the materials shortage—even remotely approaches this one. (It got better than twice as many mentions as materials shortages.)

• **The Squeeze**—The vise of higher costs and stiffer taxes apparently is

creating new and important ramifications all over the country. For example:

- Many firms didn't think the new corporate taxes would be retroactive as far back as they actually turned out. So their tax reserves are too low—which means they have to take an extra stiff bite out of current profits. "You think General Motors had a poor showing in its last report?" says one Detroit industrialist. "Wait till you see mine!"

- In lines where business has been rather slow, overhead often remains high; nobody, for example, dares cut his labor force these days. That puts a double whammy on profits.

- Many firms report that they are

dangerously low on working capital and that the banks are getting tougher about making loans.

- A few say that the tax bite is now so big that they just can't save up enough money for planned expansions.

Moreover, everybody has his fingers crossed on future tax hikes. A steel executive sums up a feeling that's creeping all through industry:

"In the first eight months of this year, we made \$27-million. About \$19-million went to the government for taxes. Now how are we ever going to save enough to replace the plant that we're running three shifts a day? It can't be done. When our industry has to rebuild, it will have to go to the gov-

ernment to get the cash. Then the government puts a director on our board, and there you have it—nationalization through the back door."

• **Materials—Headache No. 2** is one of long standing—material shortages. Yet it isn't so insistent as you'd expect. Copper seems to be the really critical metal. Steel is hard to come by, too, but many firms say that you can get what you want by "shopping around." That's time consuming and costly, but not an insuperable situation.

A few actually report that in their fields material shortages are easing off. And—surprisingly—the amount of cussing over CMP and its hardships is quite moderate.

• **Controls—Headache No. 3** can be broadly diagnosed as resulting from government controls. Most businessmen simply express a profound ignorance of why so many reams of paper have to flow from Washington. (Incidentally, all the bigger firms by this time have installed controls divisions of their own to analyze Washington orders and draw up a roadmap for management.)

In Baltimore, this warmed-over version of an old vaudeville gag is making the rounds:

"Lincoln's Gettysburg address took 266 words. The Ten Commandments took 297. The Declaration of Independence took 300. And the new OPS ruling to cut the price of cabbage took 26,911."

While OPS happens to be the butt of this particular joke, it's the wage and salary boards that really burn businessmen up. They claim that the wage-salary people are too slow in permitting adjustments, that violations of the regulations are going on right and left.

• **Workers—Manpower** is the No. 4 worry. But it's a spotty one. Actually, very few areas have a real shortage of workers (BW—Nov. 3 '51, p34). What's much more common is a milling around in the ranks of employees. The workers are keeping a sharp eye on the plants whose pay scales are tops in the community, try to get jobs there. This is particularly painful to retailers, whose pay rates are traditionally lower than in manufacturing.

Skilled labor is tight everywhere. Clerical and secretarial help is also generally hard to get.

• **Spotty Sags**—Poor business ranks behind manpower way down the list as only worry No. 5. And far and away the most mentions for this problem come from the textile and related industries. Retailers and wholesalers, on the other hand, say the upturn is here.

Other business worries are too sporadic to tabulate. On the whole, management still feels that optimism is justified and that Beardsley Ruml's analogy pretty well sums things up (illustration, page 19).

Anaconda Gets Into Aluminum

Copper company to take over \$50-million Kalispell (Mont.) project, with government approval likely. Harvey offered minor role to give deal small-business flavor.

A big new producer moved into the aluminum field this week when Anaconda Copper Co. announced that it would take over the \$50-million project at Kalispell, Mont.

The announcement meant that Leo Harvey had lost his fight to become an independent producer of aluminum. If he stays in the Kalispell picture at all, it will apparently be in a minor role.

• **Mere Formality**—Anaconda still lacked formal government approval when it made its announcement. But the O.K. is considered a mere matter of form; it was a government idea to get Anaconda into the deal in the first place.

Mobilizers in Washington still want to keep Harvey in the deal in some role or other. That would give a small-business flavor to the setup and thus let them out of a trap that for months has kept them from completing their aluminum expansion program.

Anaconda has wanted to produce aluminum for a long time. But the mobilizers have been afraid to approve its entry into the field with government aid. Both the Justice Dept. and Rep. Celler's antimonopoly committee have been pressing the mobilizers to get a small independent into the field. Anaconda is hardly that.

• **Cash in Hand**—What Anaconda could offer was the ability to raise the needed cash—something no other newcomer to the field could do. Harvey had been counting on a \$46-million government loan. Anaconda could raise all the money needed for a plant with a 54,000-ton annual capacity. And mobilizers believe they can call on Anaconda to double their capacity, if necessary.

Anaconda's plans differ from Harvey's in important respects:

• It will obtain its bauxite concentrates from other American companies.

• It is not going to construct an alumina plant.

• It is not going to build ore boats, as Harvey had planned to do.

Harvey's yielding to Anaconda was forced; Jess Larson, boss of resources expansion, held the shotgun. Harvey was told that the only way he could get into aluminum production was to make the Kalispell site—already assigned to him—available to Anaconda. Harvey also had to toss his power contract with Bonneville into the pot. In return, the government said he could retain some

kind of voice in the management and an assured supply of aluminum.

Anaconda had ideas of its own about Harvey's role. It announced he would have "a small minority interest."

The spelling-out of Harvey's relationship with Anaconda may yet wreck the mobilizers' plans. He long resisted government suggestions that his way would be cleared if he would "take a rich partner."

• **Fishing**—In one session with General Services Administration officials, months ago, Harvey learned who would be acceptable. To find out what U.S. negotiators had in mind when they suggested a wealthy partner, he first suggested the three established producers, Alcoa, Kaiser, or Reynolds. GSA said no. Harvey then suggested Anaconda and got a quick yes. But he brushed off the idea on the grounds that he "didn't take partners." Later, convinced that he'd never get started on his own, Harvey gave way.

If he insists on a bigger management role than Anaconda wants to give, the deal can still fall through. Mobilizers would then have to face their monopoly critics without Harvey as a front man.

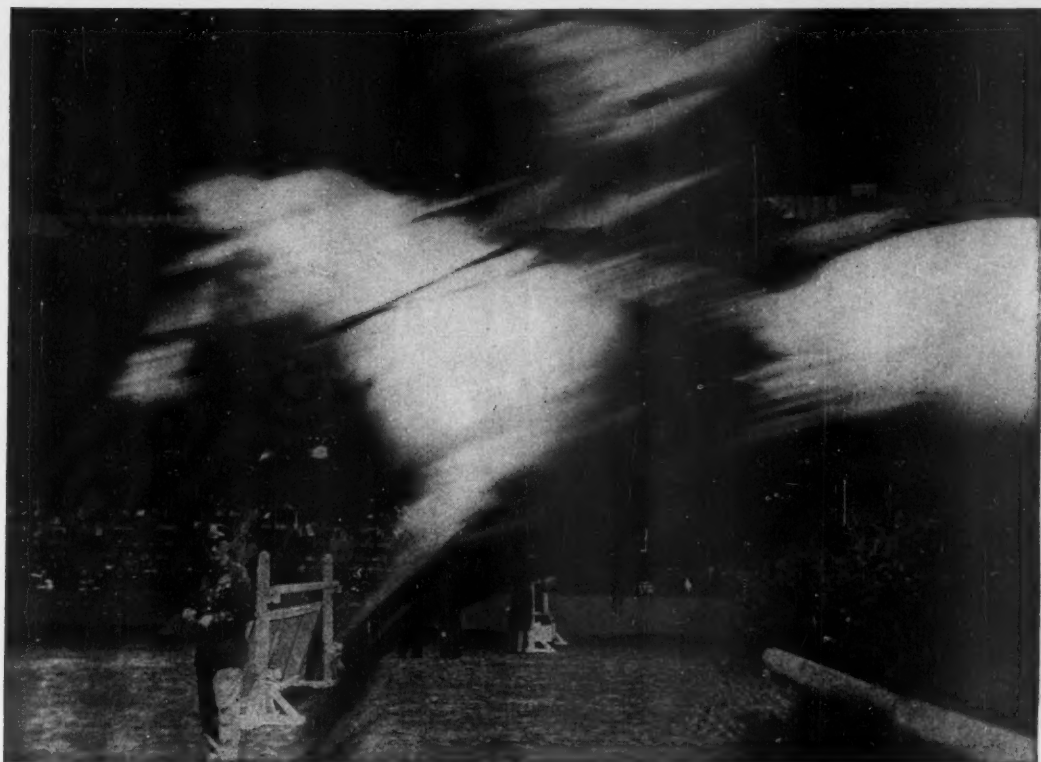
Navy Strikes Oil In Alaskan Reserve

It looks as if the \$50-million the Navy pumped into its 35,000 square mile Petroleum Reserve No. 4 in northern Alaska is going to pay off. Capt. R. H. Meade, director of Naval Petroleum Reserves, in Denver, just announced that five test drillings near Umiat revealed a pool containing an estimated 151-million bbl. of oil.

It now looks as if the 825-mile pipeline, from the reserve to the all-weather Southern Alaskan ports of Valdez or Cordova is economically feasible (BW—Jul. 6 '46, p31). According to W. T. Foran, oil consultant who conducted geological surveys in the area as a Naval officer about six years ago, such a pipeline should cost about \$80-million.

Foran considers it "the most attractive, yet untested petroliferous area in the Western Hemisphere."

A year ago, the Navy was ready to abandon this project. Now that it's hit the jackpot, the petroleum world is going to watch closely just how the Navy will proceed in developing Reserve No. 4.



Fancy Jumping Spotlights U.S. Team



BLACK CADRE OF FRANCE, masters of tricky techniques, line up for demonstration of European horsemanship.

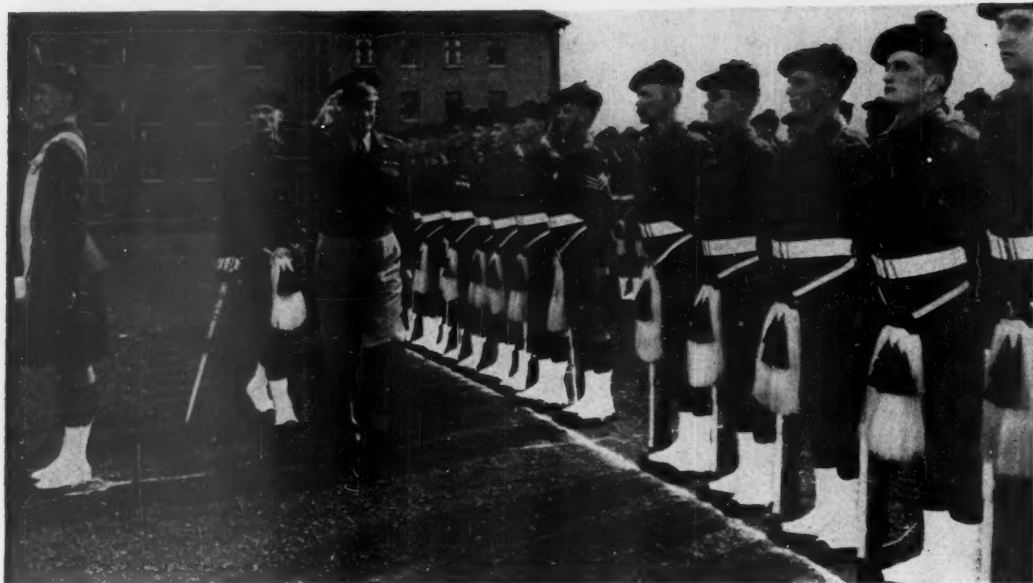


U.S. EQUESTRIAN TEAM contestant, Mrs. Durand, waits tensely for her turn in the jumping contest.

The National Horse Show made its 68th appearance at New York's Madison Square Garden last week. The big news was the debut of the first civilian U.S. Olympic equestrian team.

Since the Army Cavalry team disbanded after the 1948 Olympic games, the U.S. has been without a team for international competition. That is, until last year, when a group of businessmen-sportsmen put up nearly \$250,000 for a U.S. team to compete in next summer's Olympics. The team is getting its first real workout at the Garden, jumping in competition with four other international teams. On opening night the U.S. team captured a third and a fourth prize.

But in spite of the hoopla, it looks as though these competitions may be a disappearing sport in this country. European teams are government subsidized, but not many U.S. backers these days can afford the price of a good jumper (Miss Budweiser, donated by August Busch, Jr., cost \$20,000), plus additional expenses. Even the 10-day show, which cost \$36,000 in 1883, will run up a bill this year of \$250,000—and that ain't hay.



TROOPS IN BEING are what Eisenhower wants. A quicker, smaller program in Europe does it, fits the new policy.

For Cold War: A Way Out, Quick Strength

This week the tone of the cold war, the balance of forces, is visibly changing. After a year and a half of rearmament and policy realignment, the U. S. is ready to take another look at its position in the cold war—and there's a suspicion that the Russians may be doing the same thing.

With armistice talks still grinding

along in Korea, the U. S. took the first steps in a new policy of opening doors through which the Russians can walk any time they happen to feel peacefully inclined.

And at the same time, Gen. Eisenhower laid out for Truman a scaled-down but more workable plan for putting Europe into defensible shape.

as long as armed strength is necessary. Indeed, some peace talk can actually promote rearmament in Western Europe by easing fears as to U. S. intentions.

In Europe confidence in the U. S. has been waning as rearmament imposed new hardships on the man in the street. He had a growing tendency to believe the Communist and neutralistic charges that the U. S. was to blame for the cold war and was pushing Europe toward the hot war.

• **Outside Chance**—There's always an outside chance that the Kremlin will fit deeds to its words of peace and agree to call off the cold war, if the West meets it halfway. We can't afford to miss this chance if it comes.

Earlier, there wasn't the faintest chance the Kremlin really would call off the cold war on any terms. The chance still is faint, but it's there. Top U. S. experts on Russia think the U. S. military buildup and growing unity have made Stalin stop and think.

So the West will continue to open new doors to the Russians. The theory is that some day, when the West grows strong enough, the Russians may walk in. This hope in itself will give the Western peoples some focal point for their rearmament efforts beyond a war that nobody wants.

• **Proposals**—Here is the guts of the Big Three disarmament proposal:

(1) The Korean War must be halted

I. PROPAGANDA AND NEGOTIATION, BOTH

Peace is in the air this week—at least a lot of people seem to be talking about peace.

• **Winston Churchill**, in London, wants new talks between the Western chiefs of state and Joseph Stalin, aimed at ending the cold war.

• **Unconfirmed rumors** leaked out of Paris that U. S. ambassador Philip Jessup already is talking peace secretly with Russia's Jacob Malik.

• **Most important of all**, the U. S., Britain, and France handed the U. N. General Assembly a full-blown, seven-point disarmament proposal. President Truman, in Washington, announced the move to the nation and appealed to the Kremlin to go along.

• **Twist**—None of this talk boosts the chances of an early truce in the cold war one jot. True, some experts have had a feeling—and it's been just a feeling—that some change was taking place in Moscow. No one in Washington, though, seriously expects Stalin to buy

the Western disarmament program soon.

But the new proposal does give a positive twist to Western policy, which everyone acknowledges has been badly needed. "Military containment of communism" is negative—and has failed to rally popular enthusiasm either here or abroad. At worst, it looked too much like a passive drift towards war. At best, it promised no clear-cut solution.

Now the West at least has a blueprint for a negotiated peace—giving the non-Communist world something to shoot at.

• **World Shift**—The new Western peace offensive does reflect the shift in the world balance of power in favor of the West that has occurred in the last year. A year ago the West wouldn't have dared to launch a concrete peace drive for fear of taking the steam out of its own rearmament.

Now we are confident no amount of peace talk will stall U. S. rearmament

before any progress toward peace can be made.

(2) The U.N. should undertake a continuing census of all weapons, including atomic arms. This should be done in stages, starting with conventional weapons and moving up to secret and atomic weapons. This census would be verified by continuous international inspection at all stages.

(3) Once the census was completed, a formula for limiting armaments would be worked out in the U.N. It would be based on setting limits on the percentage of national income that could be devoted to armaments, plus a per capita armaments ceiling.

(4) The Baruch Plan would remain the basis for any atomic control until a better plan came along.

The Russians would be sure to gag on many of these points, even if they really wanted disarmament. For example, they could point out that any arms quota based on a fixed percentage of national income would give the wealthy U.S. a huge edge over the U.S.S.R. But the Big Three plan is just a first offer—something from which to bargain. The West would be willing to discuss modifications if the Russians showed any sincere desire to work out a deal.

• **Six Months**—This program is no hasty impromptu gesture. Russian experts of the Big Three governments have been hammering it out for the last six months. The idea was born during the sterile Big Four deputies talks last spring in Paris. Western negotiators got the feeling at Paris that they had the Russians off balance for the first time since the start of the cold war. They figure the Paris meeting taught the Kremlin that its tried and true tactics weren't working any more, that it would have to take a new line.

The Kaesong negotiations and the San Francisco Japanese treaty conference may well have confirmed Stalin's belief that he'd have to change his game. The U.N. refused to be tricked out of its battlefield victories at the Kaesong conference table. San Francisco was a double-barreled triumph for the West. It added Japan's strength to the free world's ranks and won the support of the wavering Asian nations.

So the experts figure the Politburo has been casting about for a new strategy in the last six months. They guess that the shift—when and if it comes—will be towards an attempt to come to terms with the West. The only other possible change would be a more belligerent policy. That could lead to war in short order. And Western statesmen are pretty sure Stalin doesn't want a war now.

The new Big Three disarmament proposal is the West's attempt to get in ahead. It will call the bluff if Mos-

cow's possible policy shift is phony. It will provide the basis for serious negotiation if the Kremlin really decides to pull in its horns.

Nobody knows when the Kremlin will decide for or against a new policy

II. NATO ARMY: SMALL, QUICK, DEFENSIVE

Last week General of the Army Eisenhower put his chips on the White House table. He told Truman and the Pentagon brass that he had to have some combat-ready forces fast, to stave off possible Red Army thrusts.

He also insisted that economic pressures on Europe be eased.

• **Odds Are**—Eisenhower hasn't completely sold his plan to the White House and Pentagon. The Chiefs of Staff have asked for time to figure out what the plan would mean in terms of its effect on U.S. forces—and Truman is still weighing the political consequences.

But odds are the general will get his way. The only alternative is a swift deterioration of the Western alliance.

Here's what Ike demanded:

• **Stepped-up shipments** of arms to equip about 35 crack divisions by December, 1952.

• **A mid-1956 target date** for completion of the median-term European rearmament program, instead of the present mid-1954 target.

• **Action**—That would mean shipment of this fiscal year's \$5-billion worth of Atlantic Pact weapons from the U.S. within the next few months.

Right now, most would have to come from continental U.S. forces, such as training commands.

• **Consequence**—U.S. arms output would have to be stepped up to fill the gaps left at home. And that would spell more cutbacks in U.S. civilian production.

This is political dynamite in an election year. Administration economists theorize: Small business failures would skyrocket, and unemployment would rise during a further switchover to arms.

• **Aim**—Purpose of all this would be to shift a lot of the economic pressure off Europe's economy. European rearmament contracts, scheduled to be filled by 1954, now would be spread over two additional years. Europe's main effort in the next year would be recruiting the troops to carry U.S. arms.

• **Hard Facts**—Hard military and economic realities forced Ike's hand.

NATO's front-line army still isn't in sight. U.S. arms deliveries are estimated to be as much as 80% behind schedule. Europeans—except the British—are dragging their feet, both on recruiting and on weapons production. And Europe's economy is buckling

line or what exact form it will take.

But the West now is ready for it. And the disarmament proposal, meanwhile, will make good propaganda ammunition for the West while Stalin is making up his mind.

under the load of the present unrealistic rearmament program (page 124).

Danger of a European economic crisis, in fact, threatens to undermine the whole rearmament effort. Meanwhile, Ike fears that the danger point for a possible Russian attack is drawing closer. So he's settling for a bird in the hand—35 real divisions by the end of 1952, rather than 65 hypothetical divisions in 1954.

• **Makes Sense**—Foreign aid economists in Washington think adoption of Ike's program would stave off a European economic crisis this year. They figure Europe could squeeze by with the present reduced economic aid.

The small-army idea makes military sense, too. Here's why:

• If war is imminent, the West would give top priority to a fast buildup in Europe, anyway.

• If world tension slacks off, the 35 divisions might be all we'd need to deter the Reds, and partial economic reconversion to peacetime would be easier.

• Finally, if tactical atomic weapons become a reality soon, it would be easier and less costly to build atomic divisions from scratch than to reconvert conventional forces.

Many Washington officials figure Ike's plan will also reduce the actual danger of war. The 35-division army could provide tough opposition to a Russian thrust at the channel. At the same time, it doesn't pose as a threat for Western invasion of Red-held territory. This should reduce Stalin's fears of a preventive war and his temptation to beat us to the punch.

That's how you can jibe Eisenhower's plan with Truman's peace bid this week. It helps to convince the world that our arms building is defensive, not aggressive.

• **Needed a Hypo**—Whatever the reaction, it was high time something was done. The whole NATO structure was beginning to wear at the seams. Mounting inflation and balance-of-payments deficits were swelling the ranks of Communists and neutralists.

Up till now, Eisenhower has been able to hold NATO together largely by his personal prestige and popularity in Europe. But only concrete results in the near future can keep the charm from wearing thin. Ike hopes that the mere existence of even a small, but well equipped, army in Europe will spark European morale.

DiSalle's Lid Holding on Beef Prices

● There just isn't any meat famine, despite dire predictions when slaughtering quotas were banned.

● Cattle are flowing to markets in good quantity, with still more in sight for next year.

● Actual production of dressed meat is regaining levels of previous year. That's what counts for the steak-seeker.

It looks as if Mike DiSalle is winning the beef-price battle.

When Congress knocked out the Price Stabilizer's plans for slaughtering quotas (BW-Sep.29'51,p22), there were dire hints around Washington that DiSalle might have to "decontrol" beef. Many an expert figured that DiSalle would have to throw in the towel or see the flow of beef dry up.

But stock men early this week broke a 10-year record in sending cattle to the big Chicago market. Sales on the first Monday of November topped any for that day since 1941—and broke steer prices 50¢ to 75¢ a 100 lb.

So the great meat shortage isn't in sight. Matter of fact, we'd have had a famine by now if it were coming.

● **More Coming**—And prospects are good that supplies of beef will pick up smartly next year.

Market reports across the country show that Monday's record sales were no fluke. The big fall run of cattle marketings—it always sets in when cold weather hits—is just about at its peak. Inspectors checking receipts of cattle and calves at the nation's 12 major markets report that about as many head have been coming in lately as did a year ago.

More important to steak buyers, the actual output of dressed meat—the week-by-week production of beef in federally inspected plants—is getting back to its year-ago levels.

● **Summer Lag**—Production lagged all through the summer. Held down by the price ceilings, legitimate packers steadily fell behind their 1950 production marks. The drop wasn't too bad across the country, but there's no doubt it put some pinch on supplies. Housewives here and there found their butchers were fresh out. But the pinch wasn't anything like the shortages in the early part of World War II—shortages that soon brought beef rationing.

The figures that might measure the real shortages aren't all in—and they never will be. Some beef was diverted to country packing houses—smaller operators doing business within state lines who don't have to report to the federals. Some meat undoubtedly went into re-

living the black markets—but apparently on only a small scale.

● **Cagey Buying**—The customers, too, had a hand in controlling the shortage. OPS' experts, watching the national income creep up from month to month, had expected an unprecedented demand for beef. In the past—and notably in World War II—workers' wives began to line up at the butchers as soon as paychecks swelled with new folding money.

There's no doubt that workers' incomes are growing. After taxes, incomes are now running at the rate of \$226-billion a year—a rise of \$19-billion over the third quarter of last year. But people are also saving (BW-Nov.3'51,p19) at an unprecedented rate. Customers—at least a good share of them—are apparently holding back on beef as they've held back on television sets and appliances.

● **Well Stocked**—When it comes to beef on the hoof, we have more of it than we've ever had. The nation's stock men, according to Agriculture Dept. estimates, have built the beef cattle population up to an all-time high.

None of Chicago's experts thinks that stock men have been holding cattle back from market in hopes of getting higher prices or the end of controls. For years now they've been quietly building up their herds to meet the steady upward trend in the nation's demand for red meat. This fall Corn Belt feeders have had plenty of feed on hand—hay, grass, and the new soft corn that must be fed quickly.

Feed-lot operators—who buy range cattle and put the finishing pounds on them to make quality beef—are also well stocked. Chicago marketing experts estimate that the movement of cattle into feed-lots in September may have been as much as 17% greater than a year ago—and the rate kept up through October.

These operators will have to send their heavy-feeding guests to market—some of them, now being fed on perishable stocks of hay and soft corn—before too long. So Chicago experts see more than a slight possibility of heavier marketings in 1952. Monday's price break signaled a warning to feed-lot

operators that they might be caught by easier prices.

Taking a longer look ahead, Agriculture Dept.'s experts estimate that total meat supplies for 1952 will be 5% above this year. They're discounting the outlook for pork—booming hog sales this summer undoubtedly took some of the pressure off beef. But they see beef supplies alone gaining as much as 11% in 1952—with the biggest part of the gain over this year expected in the summer and fall months.

So there's no "beef famine" in sight now.

● **Lucky Level**—This doesn't spell the end of stabilizer DiSalle's problems with beef. OPS was lucky enough to freeze beef prices high enough so that stock men weren't too discouraged—but at least some of the newly rich customers were. So supply and demand haven't been too far out of balance—this year.

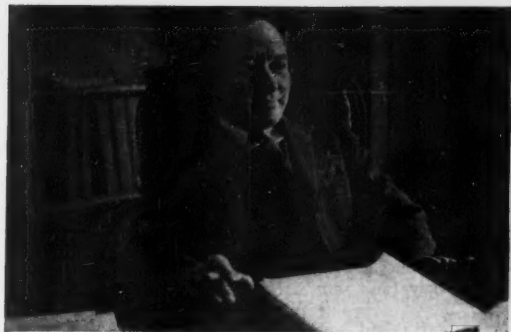
But the national income is still pressing upward—and mobilization will continue to force it up through 1952. Buyers who suddenly and unexpectedly held back last summer may just as suddenly begin to storm the counters again—for television sets, textiles, and beef.

● **Shift**—Any upsurge in prices would intensify what has been DiSalle's number one problem—the shift away from the big Midwest packers. The big packers claim that for months they have been getting only 40% to 50% of their normal share of the marketings. A lot of smalls—in New York and other eastern centers and on the West Coast—have been killing much more than normal.

This dislocation in distribution is possible because the big packers have to stay within the law in the prices they pay for cattle. The smaller packers can cut corners. They snatch the cattle away from the bigger packers by paying higher prices.

DiSalle's enforcement drive, geared higher and higher recently, has uncovered abuses among packers. OPS agents have found cutters leaving bone and bits of fat here and there and even leaving sweetbreads in the carcass. In some cases, they've been falsifying weights. In others, they've been up-grading meat—all to cover their costs in paying higher prices for steers.

Wholesalers and butchers, in turn, have to recoup their losses. So, OPS charges, they have been upgrading—misrepresenting—cuts to customers. Or they may short-weight customers, leave a lot of fat on that is normally trimmed off or even resort to good old-fashioned under-the-counter sales at above-ceiling prices.



PARADISO: "Demand for most durables will exceed supply."



MRS. WICKENS: "Next year will be full of paradoxes."



HEISIG: "Possibly further moderate price increases."



KOFFSKY: "Another \$25-billion to \$32-billion in the economy."

U.S. Economists Play It Close to Vest

By definition, government economists are articulate, affirmative, and anything but retiring. But at this particular moment, the federal forecasters are saying: "We'd rather not go on record on what's ahead for business."

For an all-out war, they have good, solid answers. Or if you let them assume conditions continue as they are now—something that has never happened in the U.S.—they'll talk freely.

But ask them to assume there's some kind of peace or truce in Korea—the thing that seems most likely—and you come away with this: They don't know and don't want to say anything. They're nowhere near so definite in their ideas as BUSINESS WEEK reporters have found businessmen to be (page 19 and BW—Nov. 3 '51, p19).

• **"Big Picture" Blurred**—All this was demonstrated in Washington last week at the Agriculture Dept.'s annual "outlook conference." About 150 state and federal agricultural officials gathered to tap Washington's economic party line—and to compare notes.

From Agriculture Dept. itself they heard some fairly positive predictions on

specific farm commodities. But they got nothing very solid from the economists who were supposed to give them "the big picture"—people like Louis Paradiso, of the Commerce Dept., Woodlief Thomas, of the Federal Reserve Board, and Arnyess Joy Wickens, of the Bureau of Labor Statistics.

• **Cautious Seering**—The economists were long on explaining what has been happening in the last year or so. But all three were short on solid estimates of even the near future.

Mrs. Wickens put it quite flatly:

"Next year . . . will be full of paradoxes. . . . It is partly controlled, partly free; partly expanding, partly squeezed. . . . We have a pretty good idea of what's going into it. But we can't be too sure as to what will come out."

Thomas said that "toward the end of the year 1952 we are likely to have another big deficit." The problem: how to counteract the renewed expansion of private spending, and to finance the deficit in a noninflationary way.

Paradiso said: "Present indications are for some improvement in consumer demand. This will permit a reduction

to more normal levels of inventories of many consumer goods. The rising purchasing power will be accompanied by a reduction in the output of consumer durable goods. . . ."

• **Party Line Frayed**—One thing was clear—no one was willing to say point-blank that there'll be more inflation soon. This left the Administration up in the air with one of its basic assumptions in economic policy. It's worth noting that the President's own Council of Economic Advisers chose not to appear on the program—despite the fact that one of the trio has usually been a key speaker at the conferences.

Oris V. Wells, chief of Agriculture's Bureau of Agricultural Economics, in opening the conference, spoke of a changed feeling about the inflation threat. A year ago, he noted, there was a feeling that "prospective inflationary pressures were very great, that the whole price structure might well get out of hand." Now, he admitted, "some people do seem to feel that the inflationary threat has about disappeared."

• **One Forecast**—About the most forthright statement was that of Nathan M.

Koffsky, a top man in BAE. Koffsky took off from this assumption: "The international situation will continue much as it has in the past year, with neither a full-scale war nor the beginnings of a real peace." Then he ticked off the following:

- Employment will be higher by 1½-million to 1¼-million, but there will be 3-million or 3½-million more in defense work.

- Wage rates are going to rise still further.

- Consumer incomes will be higher by \$12-billion to \$15-billion.

- **Saving and Spending**—Consumers' rate of saving from here on is "one of the crucial issues in the outlook for 1952." But Koffsky isn't very hopeful that consumers will really loosen up and start spending:

"... It seems more probable that the rate of spending will increase. Yet, if the defense front remains relatively quiet and there are no war scares to spur buying, the rate of savings should continue high, even though it may not be so high as it is now...."

- **Expanding Economy**—Koffsky figures "25- to 32-billion as the added flow of dollars in the economy a year from now." This would mean we'd need to expand our supply of goods by "some 8% to 10% at present prices."

Over the past year, we've expanded production by about this much. But Koffsky thinks that in the year ahead we'll expand output by around 5% to 7%.

The result: "some increase in general price pressures in the third quarter of 1952 over those prevailing in the third quarter of this year."

- **Farm Costs**—Carl Heisig, another BAE economist, took a closer look at some of the things the farmer buys—and he wasn't strong on the inflation threat either.

For farm machinery, he figures "a continuation of high 1951 prices, or possibly further moderate price increases" next year. A fertilizer price rise "of about 4% or 5% is expected this fall." Prices of building materials and supplies and fencing materials are expected to continue at present levels, Heisig said, "or slightly higher." Pesticide prices should continue "near present levels" next year. Feed prices—which one group of farmers pay to another group of farmers—"may average about 5% higher."

- **The Labor Force**—On employment, BAE's Louis J. Ducoff analyzed where the predicted increase of 3½-million more workers in defense plants will come from: 2-million from nondefense industry, 800,000 from normal growth in the labor force and from reduction in unemployment, 800,000 from "new" or "extra" workers, and 200,000 from agricultural labor.

Steel Answer: Incentive Pay?

WSB insists its O.K. of Jones & Laughlin plan is no breach of wage controls, no precedent. But talk turns more to some wage tieup with increased steel productivity.

As steelmakers and steelworkers head toward the bargaining table, they're wondering if they saw a genuine omen this week. They know that WSB approved an incentive pay plan at Jones & Laughlin Steel Corp., but they can't measure its significance.

WSB flared up at press reports it had sanctioned a plan to "increase (workers') earnings as much as 35%." The board insists there's no policy question involved and no precedent for wage increases above the 5¢ or so allowable under c-of-l sales.

Yet it was evident that the thinking of steel companies and the CIO United Steelworkers was turning toward justifying greater wage increases in terms of increased productivity (BW—Oct. 13-'51, p. 32).

- **J&L Plan**—What WSB approved this week was not a new plan, but a return to an old plan, polished up. It chiefly affected about 700 employees out of the 10,000 J&L workers who are on incentive pay plans.

Prior to 1949, J&L had an "equipment utilization" pay plan in effect. Then it worked out with the union a new type of "work load" incentive program, supposed to be an improvement. The 700 workers (about 7% of employees on incentive programs) were shifted to the newer plan. But the idea never clicked. J&L and the union began working instead to improve the older plan, on which 93% of the incentive-pay personnel had remained.

They agreed to put the improved "equipment utilization" plan into effect for all the 10,000 workers and asked WSB to approve. After considerable delay, WSB was spurred to decision by the starting date, Oct. 30, for J&L's 11 new open-hearth furnaces, so all workers on the new furnaces could start under the revised plan. A three-man division of WSB gave its O.K.

- **How It Works**—Under the J&L plan, each machine is rated according to "practical production capacity," as agreed upon by the company and the union. This isn't, the agreement emphasizes, the output possible "if the equipment ran . . . without interruption." It's what the machine will turn out under average conditions—say around 74% of rated capacity.

If 74% of actual capacity is the practical production capacity of a machine, its operator gets straight pay—say, \$2 an hour—as long as it turns out steel at that rate. But if production

rises beyond 74% of rated capacity—regardless of the reason—the worker's pay rises in the same percentage. If it hits full capacity of 100%, the \$2-an-hour worker would get a 35% increase, or \$2.70 an hour.

- **What Effect?**—J&L and USW asked the stabilization board to approve the plan because (1) it was in effect for a majority of incentive-plan employees before Jan. 25, 1951, in much the same form, and (2) it would boost steel output without being inflationary, since the added pay would be for added profit-making production.

The steelworkers' union added one caution: The new plan doesn't take J&L off the hook in the coming wage bargaining. J&L will have to bargain on basic rates along with the rest of the industry.

How much effect the J&L plan will have on bargaining in general is still hard to determine. Officers of USW are keeping mum. But the incentive-pay idea will surely be mentioned at bargaining tables. There will be at least a suggestion that other companies interested in lifting output should tie wages somewhat to productivity.

- **One Reservation**—USW sees one drawback in incentive plans of this type. They're applicable now only to workers who are in a position to control the "utilization" of equipment. Most production workers aren't—only about 10,000 of J&L's 43,000 employees are under incentive rates, for example. The remainder are held to straight hourly rates.

The union's view: It isn't fair that some should benefit by a chance to earn more just because they control the rate of utilization of equipment, while other workers—equally important to the final output—get only straight pay. The union would like to see all groups of workers covered in some way.

- **Official Policy**—WSB pointed out, in its denial that a precedent had been set, that incentive-pay plans aren't worked out overnight, that incentive plans being used in the steel industry are the result of many years of study.

The stabilizers are on record as saying incentive-pay increases aren't inflationary. If the increase truly stems from increased productivity, Eric Johnston said last winter, no price rise should result. He added that such incentives are desirable when the country is straining to step up output. But WSB will look at each plan as an individual case.

RYERSON STEELGRAMS



Following are a few paragraphs on the steel situation as we see it here at Ryerson. We hope you will find them helpful in making the most of available steel.

More steel in prospect? There should be more steel moving out of warehouses after Jan. 1 as a result of new NPA ruling M-6A. This new regulation allows for stock replacement equal to 100% of average monthly receipts during the first 9 months of 1950. Included are all standard spec. steels — carbon, alloy and stainless. Previous warehouse allotment of most products was 85% of receipts during the same period. Despite increased allotment there probably will be very little more steel for the average user. Reason: more defense work on sub-contract level will probably absorb additional tonnage.

Closed-end CMP likely to be finally effective January 1 at the very latest. The few manufacturers still without allotments from NPA should hasten to apply.

Interim or lean alloys are in widespread use, now that standard analyses have practically disappeared from warehouse stocks. But reports from Ryerson alloy users indicate adoption of these unfamiliar steels is causing little or no difficulty—largely because Ryerson customers receive complete hardenability information with every alloy shipment.

Straight chrome stainless is finding wider acceptance as substitute for restricted nickel-bearing types. Example: Type 430 — a 17% chrome stainless — can be substituted for Type 302 in many applications involving mild corrosive action. Nation's most diversified stocks of straight chrome stainless are in Ryerson plants. On hand for quick shipment: Type 430 sheets in over 60 sizes and a complete range of gauges; Type 416 bars in more than 80 sizes; also Types 410 and 430 plates in the widely used thicknesses.

Steel buyers are urged to consider hot rolled, pickled & oiled, welded tubes in 11 gauge and 3/16" walls as an alternate for hard-to-get seamless tubes in these same sizes. Finish is extremely good—satisfactory for any application other than chrome plating. And a wide range of round and square sizes is in stock. Cold rolled welded tubing also in good supply.

Buyers report Government ratings for purchase of metal working machinery are now easier to get. Manufacturers of essential civilian goods, as well as those in defense work would do well to apply, since more liberal issuance of ratings will put unrated buyers even further down the list.

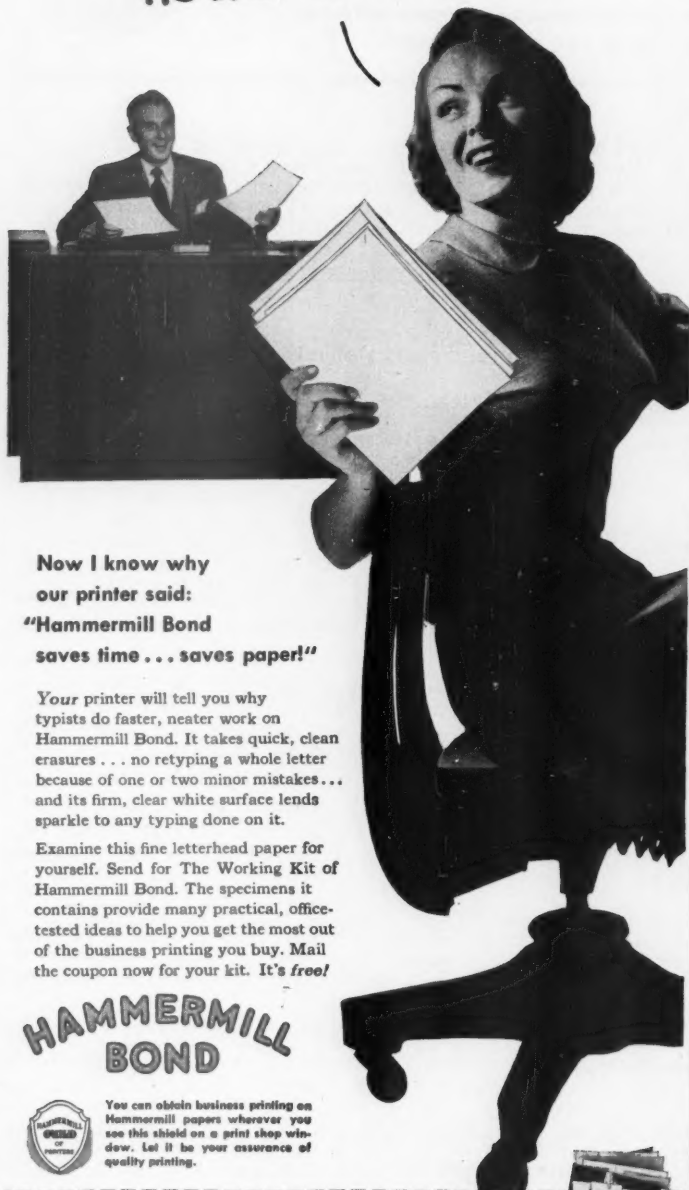
Big national company finds cost-saving substitute for restricted high tin babbitt. After exhaustive tests, this firm found performance of Glyco babbitt metal equal to that of higher priced hard-to-get tin babbitts. Product of an exclusive Ryerson formula, Glyco is available in five types covering all bearing applications.

Manufacturers finding it difficult to get aircraft alloys from stock can look forward to better days ahead. New amendment to Government regulation M-6A sets up machinery enabling warehouses to replenish stocks. Effects of this ruling should be evident in warehouse stocks of aircraft alloys early next year.

A reminder: Law requires written confirmation of orally given rated steel orders to be in hands of warehouse within 15 days. Since warehouses must report violations to Government, steel buyers are urged to confirm promptly.

Regardless of defense-created shortages, we urge you to check with us. We will always be happy to work closely with you.

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BW-11-10

LOOK FOR THE WATERMARK

IT IS HAMMERMILL'S WORD OF HONOR TO THE PUBLIC

BUSINESS BRIEFS

Election Day retail sales ranged from a gain of 15% to 20% in New York (weather clear) to a total loss in St. Louis (worst snowstorm in 39 years).

26-million cars among the nation's 40-million automobiles fill an essential need, the Brookings Institution (BW—Nov. 3 '51, p112) reported to the Defense Transportation Administration. DTA said it would continue production of new cars at around 4-million a year, enough to maintain the essential 26-million fleet.

Follansbee Steel Corp. will spend \$30-million to triple the capacity of its plant at Follansbee, W. Va. The company got a certificate of necessity for a hot-strip mill to handle 45,000 to 55,000 tons a month. The present mill turns out 25,000 tons of cold-rolled strip a month.

The resignation of Col. George P. Converse as president of Sperti Products, Inc., came to light this week. He broke with the company last August because, he said, "I didn't get to do what I set out to do." That was to unite and expand the company's subsidiaries. Sperti makes a variety of products, from sun lamps to brewery apparatus.

Decca Records, Inc., completed arrangements to buy 271,900 shares of Universal Pictures Co., Inc., stock. This makes Decca the largest Universal stockholder. Decca hopes eventually to get into TV through large-scale production of films for telecasting.

Federated Stores is going ahead with construction of its chain of baby department stores (BW—Nov. 3 '51, p122). Rumors that it wasn't started because Federated's application to NPA for permission to build was: (1) submitted unnecessarily (Federated has the materials on hand), (2) later withdrawn, (3) erroneously filed by NPA in an "applications rejected" folder.

An "escalator" pension plan was announced by Teachers Insurance & Annuity Assn. of New York. Teachers proposes (if the legislature approves) to offer policyholders the option of putting up to 50% of their payments into a new equity fund to be invested in common stocks. The effect: At retirement, policyholders would get a guaranteed annual income from their regular contract, a nonguaranteed income from the equity fund. Income from the new fund would fluctuate with stock prices and earnings, tending to tie pension benefits to cost of living.



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The many thousands of things essential to the defense program take up a major part of our production now. We appreciate the patience of our many friends in industry during these critical times and are looking forward to the time when our full capacities can again be available to serve them.

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LABOR

Labor's Voice Again Divided

Breakup of United Labor Policy Committee means that government agencies once again have to deal with two factions. Trouble is already brewing in WSB and NPA.

A man who looked strangely familiar paid a call on mobilization director Charles E. Wilson the other day and announced he was ready to go to work.

The visit would have caused no comment except that: (1) George M. Harrison was about six months tardy; and (2) his sponsor has ceased to exist.

• **Armistice**—Last Apr. 30 was Armistice Day for Wilson and the United Labor Policy Committee. For two months this articulate mechanism of AFL-CIO functional unity had waged acid warfare against the defense chief. It accused him of ignoring labor and surrounding himself with business-minded assistants.

The armistice terms, among other provisions, called for the appointment of special assistants from labor in all defense agencies. The man chosen for the job in Wilson's office was Harrison—president of the Brotherhood of Railway & Steamship Clerks and an AFL vice-president. He was to rank with Gen. Lucius D. Clay and Sidney Weinberg in the intimate policy circle (BW—Jun. 23 '51, p. 34). A CIO man, David J. McDonald, secretary of the Steelworkers, got the post in Eric Johnston's Economic Stabilization Agency, and so on.

Harrison was appointed on May 1 as a WOC (without compensation). He took the oath on June 8, left for Europe a few days later to attend a labor conclave. One thing after another kept him from taking up his duties as a government official.

• **No Job**—Harrison's appearance at a government desk now is a reminder that neither he nor his colleagues in the other defense agencies have a United Labor Policy Committee to report to any more. Officially, of course, they are government employees working for the body politic. Unofficially, they were put there to see that the labor point of view, as distilled and directed by the ULPC, was not overlooked. When the labor members walked off the Wage Stabilization Board in February, for example, they avowedly acted by direction of the ULPC.

• **Shoals**—Now that the ULPC has been disbanded and the AFL and CIO are going their separate, sometimes hos-

tile, ways again, two trouble areas will bear watching. Wilson's office is not one of them. They are the National Production Authority and the Wage Stabilization Board.

Some AFL officials will tell you, in fact, that a stubborn situation at the NPA was the rock on which the policy committee broke up.

According to the AFL grievance, O. A. (Jack) Knight, administrative assistant to Manly Fleischmann and president of the CIO Oil Workers, disregarded a compact to accept an AFL man as his assistant. Knight was unfamiliar with the ways of government, so he selected Ted Silvey, a CIO staff man who had been at the Economic Cooperation Administration and knew his way around the bureaucratic maze.

Silvey is simply unacceptable to the AFL hierarchy. (Ironically, Silvey carries the card of an AFL affiliate, the International Typographical Union.) Knight has refused to budge. When he's away on union business, Silvey is in charge.

• **Trouble, Trouble**—The federation is still demanding a correction and expects to get it. It foresees the day when some of the metals may become even scarcer, and "sudden death" sentences may have to be meted out to some of the users. The AFL wants to be sure that the entrepreneurs who employ its members are not "done in."

The threat to AFL doesn't seem so great as they make it out. Joe Keenan, secretary of the AFL Building Trades Dept. is sitting close to Manly Fleischmann's right hand in the Defense Production Administration; and Fleischmann happens to head up NPA, the operating agency, as well as DPA. Keenan says he is willing to take Silvey as his assistant and send Dan Flanagan of the Teamsters over to help Knight.

At the Wage Stabilization Board, the labor split has been a plague to the public members. They, in the last analysis, are answerable for the efficient management of the agency.

Labor, instead of speaking with one voice, now speaks with two. Mechanically, that makes the tripartite board four-sided and slows down the work. It used to be that a committee meeting could be held with a public member,



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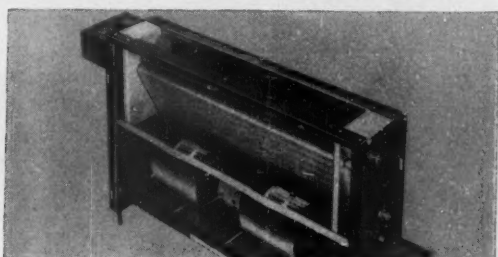
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an employer member, and one labor member present. Now there have to be two labor members on hand.

• **Peace Elsewhere**—The other agencies are not giving the labor federations any particular headaches that could be traced to the ULPC dissolution.

McDonald, at the Economic Stabilization Agency, is acceptable to the AFL on routine matters, and that's all the post involves right now. McDonald puts in token appearances and keeps in touch with the office through a full-time assistant who was moved in from the Steelworkers' headquarters.

The labor leaders never really fussed a great deal about the operating aspects of the Office of Price Stabilization, probably because they knew they could not supply the kind of technicians that agency needed. However, John K. Meskimen, of the AFL Railway Clerks, keeps his hand in there as a consultant on a full-time basis.

• **Popular Choice**—As far as Wilson's office is concerned, the CIO gets along pretty well with Harrison personally and probably would count on him to do a fair job for them. Had Harrison been at his post last month, he probably would have saved Walter Reuther a good deal of time, trouble, and embarrassment. When the UAW pulled a strike at 10 Borg-Warner plants, the Defense Dept. moved fast. A referral of the dispute to the wage board went through Wilson's office and the White House before Reuther knew what was happening.

Had a labor man been sitting in Wilson's suite, he would have been consulted, and he in turn would have consulted Reuther, who never wanted the dispute to go to the wage board. As it turned out, Reuther found himself embarrassed and had to persuade his people that the expedient course at that point was to go back to work and let the wage board consider the dispute on its merits.

• **Fewer Targets for Labor**—On the whole, though, labor is not so sensitive about Wilson's office as it used to be, and the reasons are plain enough. For one thing, Gen. Clay and Sidney Weinberg have left the Wilson circle. Both had been targets of ULPC.

More than that, the AFL and the CIO have Wilson's ear via another channel, the National Advisory Committee on Mobilization Policy, a device that euchred John L. Lewis out of a Wilson committee post. The AFL and CIO have four of the 17 seats. The committee meets two days a month. Wilson presides, but significantly the meetings are held in the White House and are staffed by the White House. The implication, as far as labor is concerned, is that this is the President's committee and is a checkrein on Wilson.



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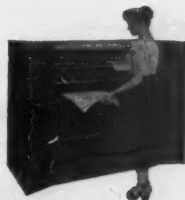
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WSB MEMBERS representing labor (foreground) want a flexible policy on the question...

When Is Welfare Inflationary?

Wage stabilizers try to decide how tight controls on health and welfare plans and pensions should be. Split views of advisory committee complicate WSB's decision.

The Wage Stabilization Board has another rough job ahead of it. Ever since WSB began grappling with control problems early this year, it has had the bugaboo of employee-benefits plans before it. Such things as medical, hospital, disability, and death benefits and pension programs are now considered a part of compensation—and are subject to regulation under the Defense Production Act. But are they inflationary? And how much?

To try to find out, WSB named a tripartite committee in August to study the status of health and welfare plans. The board hoped to get a set of helpful recommendations on employee-benefits policy. Instead, it got two sets:

- A flexible policy recommended by public and labor members of the advisory committee. They say that the cost of most pension and welfare plans should not be charged against WSB's wage-raise formula.

- A more rigid controls plan suggested by industry representatives on the committee. They say that, unless WSB holds the reins on employee-benefits programs, "thwarted wage pressures would be immediately converted to benefit program pressures."

- Majority Position—The committee majority report reflects the views of public members Wilbur J. Cohen of the Social Security Board and John

McConnell of Cornell, and those of labor members Carl Huhndorff of the International Association of Machinists (AFL) and Harry Becker of the United Auto Workers (CIO).

On pensions, they suggest that WSB allow without prior approval:

- Changes that do not increase employer payments.
- Changes based on the cost of living or to maintain a relationship between benefits and general wage or salary levels.

- New or amended plans equal to what the employer has in other plants or that merely extend an existing plan to cover a group of similar employees.

- New or amended plans that are consistent with accepted industrial practices covering "a substantial number of employees in a major industry."

On health and welfare programs, the committee majority would require WSB approval only when the insurance employees are getting carries a cash or loan value before death or permanent and total disability, or before attainment of age 65.

Pension or health and welfare plans that go beyond the pre-approved limits could be O.K.'d by WSB, on application, if: (1) the desired plan is a means of clearing up inequities created by wage controls; (2) it is a way out of critical manpower shortages; (3) it is



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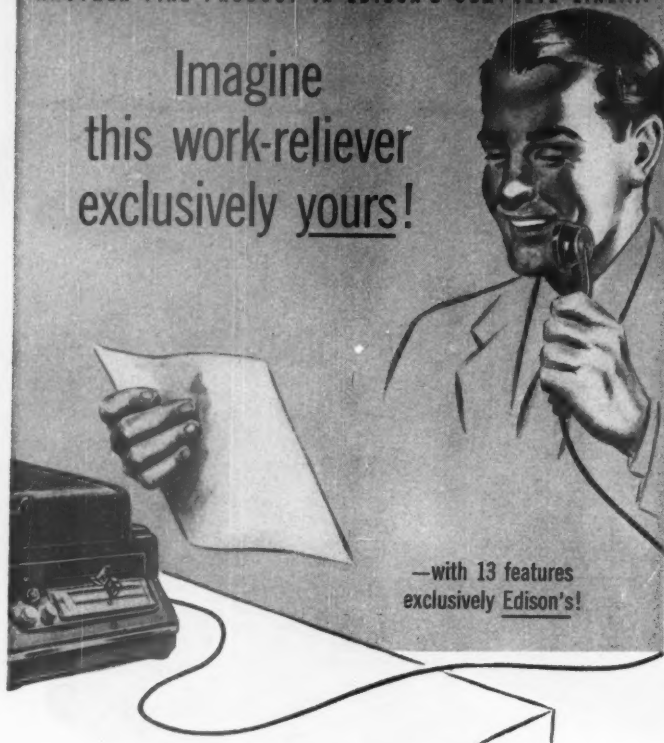
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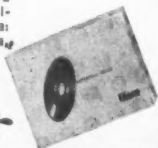


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a reasonable modification of an existing plan; or (4) it does not affect price ceilings.

• **Minority Protests**—Industry members of the committee—Fred Sloat of the C. Gilson Terberry firm of welfare plan consultants, and Fred Hawker of Armstrong Cork Co.—filed a strong dissent to the majority report. They protested that the proposed regulations represent "virtually no control whatsoever."

The minority warned that unless employee-benefits are curbed they might branch out into "endless varieties of benefits, such as unlimited medical, dental, and optical care; rest camps; health travel, etc."

Further, they told WSB, setting up new benefit plans or liberalizing existing programs "will have inflationary effects. Whether an employer spends money for wage increases or for benefit programs, he is adding to his operating costs and eventually must cover such costs with price increases."

• **Minority Proposals**—Industry spokesmen on the committee would allow, without prior approval by WSB:

- New or increased health and welfare benefits, provided that at least half of any added cost is paid by new employee contributions.

- Extension of existing plans to additional groups of employees of the same employer.

- Adjustment of existing plans to maintain the same relationship of benefits to wages that existed on Jan. 15, 1950—provided that, in contributory plans, the ratio of costs between employer and employees isn't altered.

The minority would require prior WSB approval even for plans that do not exceed "prevailing practice" among companies in an employer's labor market area, or in his industry, or in another industry—whichever is "consistent with the employer's historical practice."

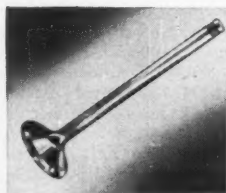
The minority would also have WSB approve, on application, new or increased programs "not unstabilizing in effect, and necessary" to: (1) correct "clearly demonstrable" inequities; (2) keep up a smooth-running mobilization of national resources; and (3) make minor and logical adjustments in existing plans.

• **Stopgap Plan**—Meanwhile, WSB put out an interim policy designed to clean out hundreds of trivial changes that businesses want to make in their plans.

It will allow a tripartite subcommittee of WSB to approve by unanimous consent petitions to: (1) extend a plan to other geographical units of a company that haven't had the plan before; (2) extend a plan to additional smaller groups of employees within the same plant; (3) make trivial or relatively small changes in benefit levels.

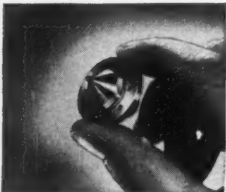


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Labor Loan

Employees of a Detroit packinghouse are working three payless weeks to help it back on its feet.

Hammond Standish & Co., Detroit meat packer, is borrowing three weeks' worth of labor from its CIO employees. The unique deal worked out by Hammond Standish's president, Joseph Strobl, and Walter Zawada, president of Local 190 of the United Packinghouse Workers, is designed to help the company out of financial straits—and maybe save the jobs of 300 employees.

The meat packer closed its doors and went into receivership in August, after losing \$173,000 in an eight-week squeeze between OPS packed-meat ceilings and high hog costs. Later OPS eased price curbs, and hog prices dropped. The company saw a possibility of profitable operations—if it could find a way to buy hogs and meet payrolls.

• **A Way Out**—Local 190 members were unhappy about the packinghouse shutdown. There were no other jobs in their trade available in Detroit, and they didn't want to move. They'd had twelve years of good union relations with Hammond Standish and felt that the company had gone under through no fault of its own. So union members offered unanimously to work three weeks without picking up a paycheck.

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WSB Kills Tool-and-Die Plan

Proposal for higher wage rates to stop pirating and job-hopping in the industry is voted down by industry and public members.

No special rules will be set up to cover wages for skilled tool-and-die workers—at least, not now. The Wage Stabilization Board last week rejected a set of recommendations by a special WSB committee on wage problems in the tool-and-die industry.

For the present, the board said wages in the industry "will continue subject to the board's general regulations." Any "particular problems" that may develop will be handled individually.

• **Area Rates Rejected**—Industry and public members joined in voting down proposed area ceilings on tool-and-die wages (BW—Oct. 27 '51, p. 38). Labor members voted for the rates that had been proposed over an industry protest.

The WSB majority decided, it said, that "the risks involved in adopting the majority recommendations of the [special] committee outweighed the possible advantages." It pointed out that WSB was "particularly concerned about the possible unstabilizing effects of the [area rates] proposals upon existing collective bargaining agreements."

The board majority also rejected a proposal by industry members of the special committee that would have "deprived tool-and-die workers of the benefit of General Wage Reg. 5"—which deals with merit raises and other adjustments in wages of individuals.

• **Committee Proposal**—The tool-and-die committee had recommended ceiling rates for 23 major production areas, ranging from \$2.50 to \$2.85 an hour. These ceilings—from 30¢ to 50¢ higher than present rates—would be reached only through normal WSB steps.

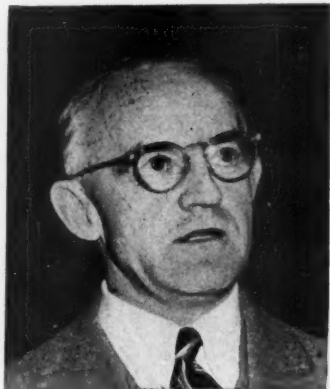
The special committee said the ceiling plan would minimize labor "pirating" and job-jumping for higher pay.

In their dissent, industry members of the tool-and-die group said that the high area rates would be unstabilizing. They warned WSB that pressure would be brought to bear by unions to make the proposed ceilings the hiring and going rates in each area.

After the committee recommendations were made public, protests swelled in volume. Tool-and-die employers called the proposals "unrealistic, unwarranted, and unstabilizing." Major auto companies complained that the suggested rates would lead to disparities in wages with other groups of workers—and bring union demands for reopening long-term contracts.

• **WSB Agrees**—After evaluating the committee recommendations "solely

on the basis of their relative effects upon wage stabilization in this vital industry," the WSB majority sided with the industry arguments.



FORMER SENATOR Frank Graham is favored as umpire in CIO plans for . . .

Arbitrator to Decide Jurisdictional Rows

In the future, CIO unions won't resort to what Philip Murray calls "street squabbles" over jurisdiction. In a move likely to save management—as well as unions—a lot of grief and possibly work stoppages, CIO has accepted an arbitration plan aimed at settling interunion disputes (BW—Oct. 27 '51, p. 41).

Former Sen. Frank Graham, long considered "friendly" by CIO, is favored for the umpire job.

• **Contract**—The plan placed before CIO this week provides for a legal contract between all CIO unions. It would bind them, legally and morally, to submit to arbitration any jurisdictional row that can't be settled amicably: (1) in conferences between officers of the local unions involved; (2) by officers of their international unions; or (3) by Allan Haywood, CIO's director of organization, now second to Murray in authority.

Unions signing the contract would agree to avoid "derogatory statements" or actions that would reflect against CIO. According to Murray, the idea is to "solve our disputes within our family . . . without filth or strife."

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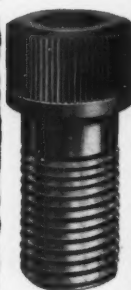
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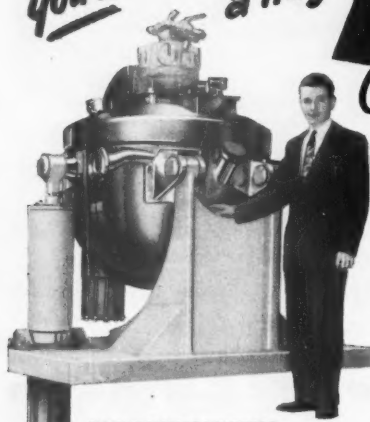
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Bias War Goes On

CIO renews its annual plea for federal law against job discrimination. Some modest progress reported.

"Some progress" is being made by states toward barring job bias because of race, color, or creed. But not enough, says CIO. So this week—as it has regularly for the past five years—CIO's annual convention called on Congress to adopt a federal fair-employment-practices act.

Such a law is needed now, CIO added, because manpower reports on a national scale show minority workers aren't being utilized fully even in acute shortage areas (BW-Nov. 3 '51, p. 34). And the states aren't moving fast enough to make federal action unnecessary, CIO adds.

• **One New Law**—Although most state legislatures held sessions this year, CIO reported that only one acted favorably on an antibias law. Colorado became the eleventh state to enact a fair-employment-practices law. Even this is a watered-down law, union delegates were told.

Colorado's law, similar to those passed by Indiana and Wisconsin in 1945, has no enforcement provisions. Instead, it is intended to fight bias in private employment by educational and advisory measures. It calls for conferences between aggrieved workers and employers, but allows no penalties for either proved bias or a refusal to cooperate with state advisers.

• **Eight Laws With Teeth**—Eight states now have enforceable laws. But in one of them, New Mexico, enforcement is virtually suspended, due to lack of funds.

New York, New Jersey, Massachusetts, Connecticut, Rhode Island, Oregon, and Washington are the other states with enforceable laws. These set up fair-employment-practices commissions to administer the laws and to hold hearings where necessary. The laws also provide for legal action against violators.

The state laws are all similar in intent. They (1) outlaw discrimination by employers in hiring, firing, paying, and promoting employees; (2) bar unions from discriminating in membership policies or in relations with employers or nonunion workers; and (3) bar employment agencies from discriminating in classifying or referring jobseekers or from asking jobseekers questions about their race, color, creed, or national origin.

• **New York Cases**—So far, complaints of bias aren't flooding into any of the



The Mayflower

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Makes a single copy in seconds—up to a thousand copies an hour.**



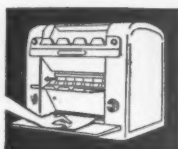
Here is the low-cost, high-quality, high-speed method for reproducing anything drawn, typed, printed or written—available at last to any business of any size—the world's most versatile copying process.

Ozalid's new Ozamatic produces clear, exact copies in any width up to 16", any length... in a wide choice of colors... on a variety of papers, cloths or foils.

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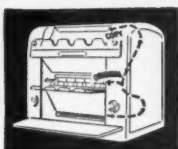
ANYONE CAN OPERATE IT — Anybody can learn to operate the Ozamatic in five minutes. Handsomely streamlined, silent, compact. Absolutely clean in operation. Fits on a small desk, as shown here.

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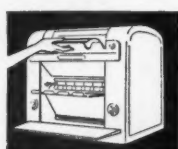
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state commissions. In New York, for instance, the State Commission Against Discrimination received 181 verified cases during the first nine months of this year—about the same as in the same period of 1950.

Of the 181, 67% charged bias because of color; 21% because of creed; 7% because of national origin; and 5% involved unlawful pre-employment questioning. Employers were charged with bias in 152 complaints, employment agencies in 19, and unions in 10. Almost all the race charges were filed by Negroes, although white persons complained twice that they were refused jobs because of their color.

The New York board reported "successes" in handling bias, including:

- Clerical jobs for 12 Negroes in offices of a large movie company, which 18 months ago refused to employ any.

- An electrical engineer job for a Negro with a company that had previously hired Negroes only as matrons.

- A salesman job for a Negro with a drug and chemical supplier that previously had a whites-only policy.

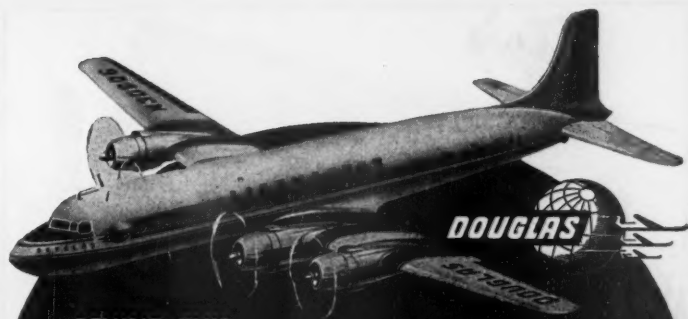
- Clerical jobs for Jewish workers with an insurance company that formerly didn't employ them.

- Jobs for Negroes and Jewish workers with a large restaurant chain that formerly had restrictive hiring.



Any Way You Say It

Former teachers of Chicago's Berlitz School of Languages fell back on their stock in trade to picket their alma mater recently—in six languages. The teachers protested they'd been fired for trying to organize other Berlitz teachers. Their AFL union filed unfair-labor-practice charges with NLRB. Berlitz questioned the board's jurisdiction, but said it would do whatever "the law requires."



BEHIND THIS

WORLD-FAMOUS SLOGAN

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OZALID IS PLAYING
A VITAL ROLE!

Ozalid—the speedy copying process—helps Douglas overcome time-consuming obstacles for their customers.

HERE'S THE DOUGLAS STORY: Ozalid copies of important sales reports, service bulletins and engineering drawings are now sped regularly from Douglas Aircraft to hundreds of world-wide airlines using their equipment.

Legibility and Speed Are Paramount

Douglas demanded that these copies be accurate, easy to read, and capable of quickest delivery possible. Comparison proved no other copying process filled these requirements as well as Ozalid... *because no other copying process offers Ozalid's versatility in making many copies of many originals.*

Thus, Ozalid is now helping Douglas give their customers some of the world's fastest planes plus geared-up service.

Improved Intra-Company Correspondence

Inside the Douglas organization, too, Ozalid helps disseminate vital information accurately, quickly, economically. Practically every department receives or transmits Ozalid copies of orders, memos, reports, bulletins and graphs. Douglas sub-contractors are sent Ozalid copies of all necessary drawings and specifications.

HOW ABOUT YOUR STORY? Whether your firm is large or small—engaged in manufacturing, distribution or services—be sure to get the complete Ozalid story. Simply mail the attached coupon, today! You are under no cost or obligation.



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The Man of Decisions ...the Credit Manager

Obviously, the success of any company must be attributed to the cooperative efforts of all its key men. But to achieve its utmost in financial stability, a company's overall operation must embrace the talents of a capable credit manager.

His knowledge and experience is required to weigh the relative values of the orders that come in with respect to the customers' abilities to pay for the materials purchased. He sits in judgment, constantly making decisions that he feels are right. By a process of screening he aims to retain those customer-contacts that prove profitable.

He weighs the facts very carefully, whether it is a new or an old account being reviewed, and applies the question: On what basis can the business be accepted? Very often the evidence is sufficient for him to pass immediate judgment—a possibility, of course, in the case of well-rated firms.

But a seasoned credit manager never loses sight of the effect his decisions may also have on the salesmen involved. He must protect their interests as well as those of his company; he cannot overlook the sales potential in the consideration. After all, it's a salesman's problem.

A credit manager draws on the additional information that comes to him regularly from various clearing houses that supply confidential up-to-date data.

With full recognition of the present conditions under which our customers and prospective customers are operating, we assure them that we are trying to cooperate with them to the fullest extent and want them to feel that our decisions are made fairly with no desire to present any unnecessary deterrent to their normal operation.

WOLVERINE TUBE DIVISION—Calumet & Hecla Consolidated Copper Company, Inc., producers of quality-controlled tube for refrigeration, processing industries, plumbing, heating and air-conditioning, automotive and aviation—1469 Central Ave., Detroit, Mich.—Plants in Detroit, Mich. and Decatur, Ala.



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LABOR BRIEFS

A strike "recess" announced by UAW at ten Borg-Warner plants will give WSB a chance to settle a long, heated dispute over a new contract. UAW told WSB the dispute "could and should have been settled through . . . free collective bargaining" (BW-Oct. 20 '51, p. 30). However, UAW said it would yield at "the insistence of the President" that the strike was hampering defense output.

"Snare and delusion" is how the Machinists (AFL) describes BLS' cost-of-living index. Union says the index is faulty since it doesn't take income tax deductions into consideration, and income taxes "are a major factor in the cost of living of most union families."

Employee attitude surveys are on the increase. That's what the National Industrial Conference Board says in a recently published report. It found that 223 companies have had some kind of experience with checking worker attitudes, compared with 50 in 1944.

Three wage reopenings at six-month intervals are set in a new two-year contract that ended a three-month strike at Brown & Sharpe, Providence, R. I. The pact gives 8,100 AFL machinists 8¢ to 10¢ hikes in straight hourly pay, or 5¢ an hour more on piece work. It also increases "fringe" benefits.

A House probe of hiring practices at AEC's Savannah River H-bomb project got under way this week in Augusta, Ga. A special committee wants to find out if T-H is being violated by illegal closed-shop hiring—as Rep. Wheeler of Georgia charged recently (BW-Oct. 13 '51, p. 38).

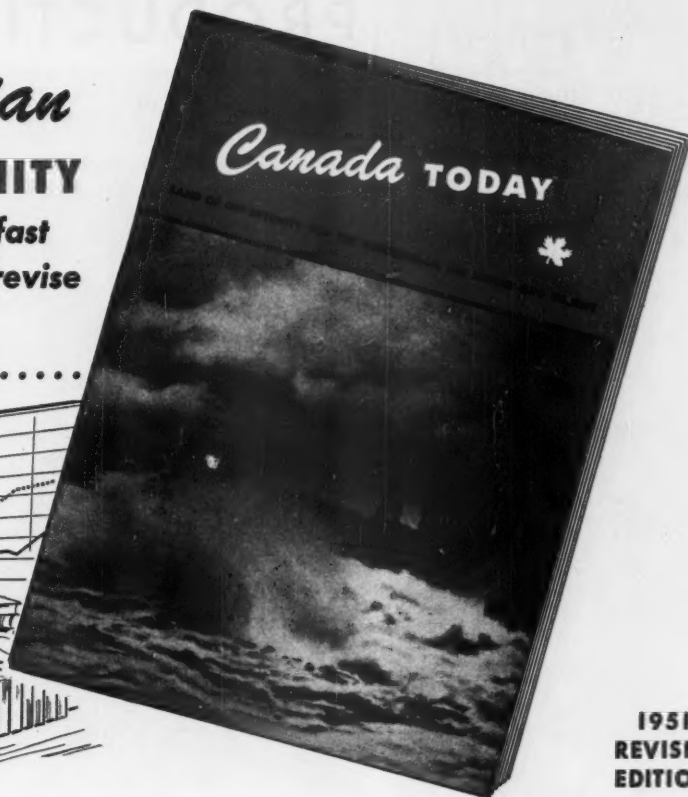
"Escalator" contracts that tie wages to living costs now cover 3-million workers, BLS says. There are more than 100 formulas for computing changes in pay, but 85% of the workers come under one of two plans: 45% under a railroad 1¢-for-1-point formula; 40% under General Motors' 1¢-for-1.14-point plan.

A book for wives is being handed out to employees by the Ford Motor Co. It contains 1,000 homemaking tips in 94 illustrated, indexed pages. It's an employee-relations move planned to get wives more interested in Ford.

Older workers are getting a break at Norfolk, Va. With skilled help hard to get, the Navy shipyard has lifted its age limit for certain skills from 62 to 70 years.

Canadian OPPORTUNITY

is growing so fast
we've had to revise
this popular
booklet



**1951
REVISED
EDITION**

*May we send you a **FREE** copy?*

100 pages brimful of basic facts . . . the Provinces, their industries and resources . . . how Canadians live, work and play . . . the government . . . finance . . . transportation and communication. Canada's headline-making mineral discoveries . . . her increased business activity (now third trading nation in the world) . . . are highlighted with up-to-date figures.

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Whether you're planning business expansion in Canada or contemplating a visit north of the border, you will enjoy reading this handy, concise booklet. Send for CANADA TODAY—for a quick introduction to a nation with tremendous possibilities for growth and profit. Then call on the Bank of Montreal, Canada's First Bank Coast to Coast, for answers to your specific questions.

To receive your free copy of the 1951 revised edition of CANADA TODAY, simply drop us a line or contact any of our U.S. offices. If you are short of time, you will find the coupon handy.



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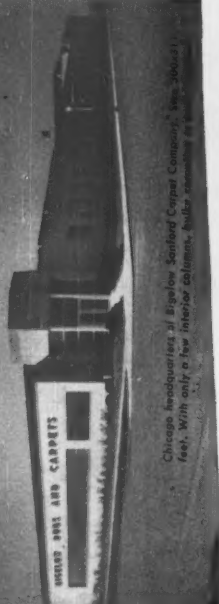
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Owners of this modern warehouse building made a profitable investment in permanent construction, in easy warehousing, and in almost unlimited adaptability for other future uses.

Key to functional operation here is the clear span roof formed by timber trusses of Timber Structures, Inc. These are sturdily built for permanent service and are readily available in various types and spans.

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Chicago headquarters of Bigelow Sealed Carpet Company, Inc. Shows 100 ft. x 100 ft. With only a few interior columns, built according to Timber Structures, Inc. design.

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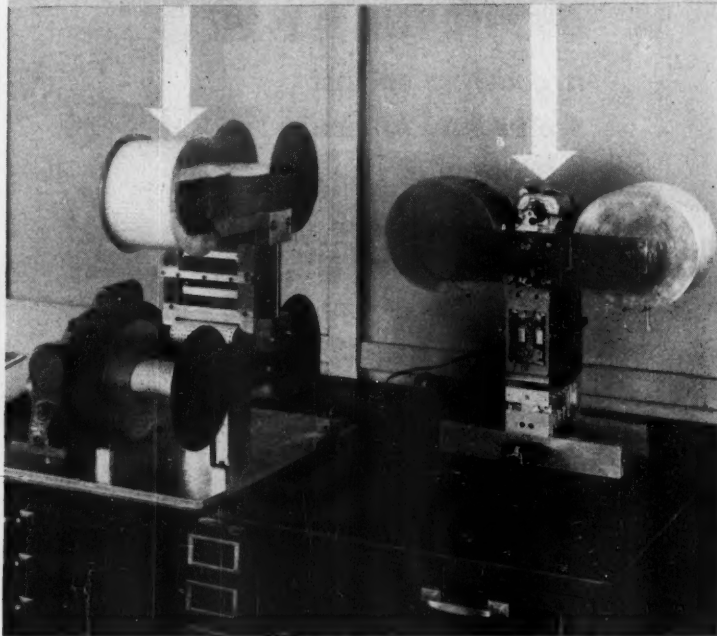
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PRODUCTION

Tape cut on
this device...

...when passed through
this "sensor"...



The Robot With Paper Brain

Tell a production man about automatic "brains" for running his machine tools, and he gets gun shy. He thinks you're talking about a gigantic electronic contraption that'll take four technicians to maintain—in order to eliminate one machinist.

His conception wasn't far from wrong up to now, but it's due for an about-face. Right now a midwestern machine tool builder is testing an electrical robot that's not much bigger than a movie projector, and just about as simple, compared with electronic computers (picture, above).

• **Paper Brain**—Built by Daco Machine & Tool Co., Brooklyn, the new machine robot brings the automatic factory lots closer for one big reason: It doesn't exact the toll of nightmarish complexity you normally expect to pay for an automatic operation.

The parts that make up the machine robot are no more complicated than the tool it runs. All you need are a perforated paper tape, a sensor that translates the tape's message and sends it to selsyn motors that, like the operator's

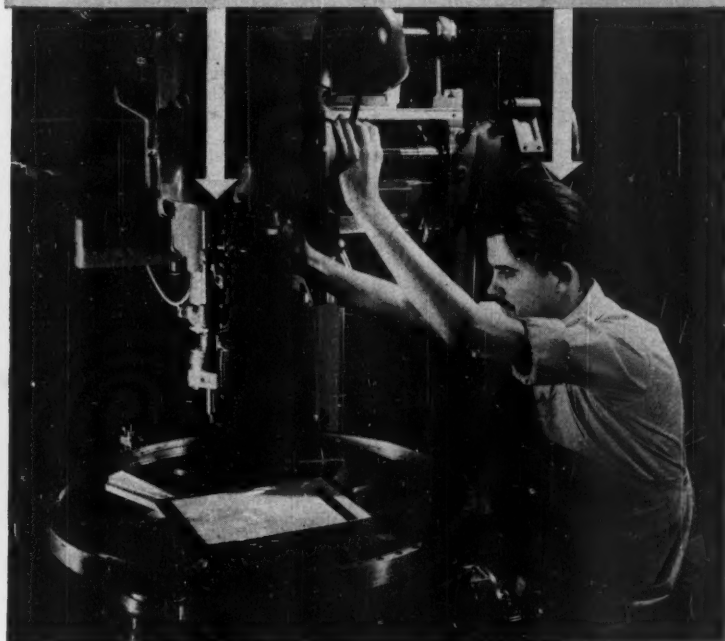
hands, tell the machine tool what it is to do.

Perforations in the tape represent the blueprint for the part to be machined. When the tape passes through the sensor, electrical contacts are made and broken through the holes to complete and break electrical circuits. It's just like the punch cards used in office machinery. This produces varying voltages in the sensor that accurately control movement of the selsyn motors mounted on the machine tool. The motors give just the right amount of movement to the machine's cutting tool and work piece.

• **Jack of All Trades**—Beauty of this robot is that it can operate any machine—lathes, millers, shapers, jig borers, or planers. It'll even control transfer machines that perform scores of cutting operations on a part. And, unlike similar electronic "brains," the accuracy of the machining operation is in no way influenced by the robot. Deviations in the dimensions of the machined part, if any, are the fault of the tool. In fact, parts such as complicated cams, which

... will operate
this jig borer ...

... without this
man's help.



Runs Any Machine Tool

are nearly impossible for a machinist to make, will be a cinch with the robot control.

About the only manpower needed around the machine tool is for loading and unloading the work. And as is usually done, dimensions will be checked periodically to see that parts are within tolerance limits, and worn tools replaced as needed.

It's a natural for a production shop. One man could tend a whole group of machines. In fact, if a bank of machines are producing the same part, one robot could control all of them in making the same part.

• **Remote Control**—And the sensor doesn't have to be physically near the machine tool. It can be in a remote part of the plant, such as the production engineering office. In fact it would be just as easy to have a sensor in Detroit operating machine tools in Cleveland, St. Louis, and Bridgeport. Messages from the central sending station could be sent via teletype to the operating centers. In this case the sending sensor would actuate switches in a simi-

lar receiver, which would then transmit the machining instructions to the tool.

The robot is flexible, too, because it's not wedded to the machine tool. Once a production run is completed on a given machine, the "brain" can be attached to another to do a completely different job. That's important because right now it looks as if the equipment for the sensor will cost several thousand dollars.

• **Mastermind**—Guts of the Daco-built device is in the tape. In effect, he places the part drawing over a grid like graph paper. Holes are punched in the tape to represent movements of the machine doing the work. A plant operating such robots would probably keep a file of master tapes representing motion to produce various arcs, flat surfaces, and fillets. To set up a tape for machining a part, a series of master tapes of the right combination could be taped together.

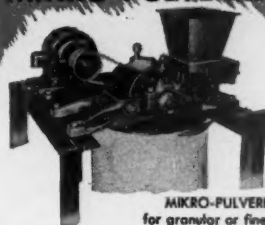
The machine tool sensor grew out of research on digital computers—computers that handle numbers as against

HOT NEWS

about

COOLER GRINDING

with the
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MIKRO-PULVERIZER
for granular or fine grinds

A simple change in our MIKRO-PULVERIZER has produced outstanding results, especially in the handling of heat-sensitive materials. Altho this project is still in the development stage, we know that on some materials it means ...

25% reduction in temperature rise
25% reduction in H.P. consumption
OR—in lieu of H.P. savings—
a 30-50% increase in production

Right now, you can help yourself by letting us try this new grinding method on your own material in the MIKRO Laboratory. Test will cost you nothing, but it may solve your problem.

INVESTIGATE this opportunity today.

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23rd Exposition of Chemical Industries
Grand Central Palace, New York, N. Y.
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PULVERIZING MACHINERY COMPANY
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Beginning with the selection and processing of raw hides and compounds... every step in the manufacture of Trostel packings and oil seals is laboratory planned and controlled to produce the exact combination of properties called for in the customer's specifications.

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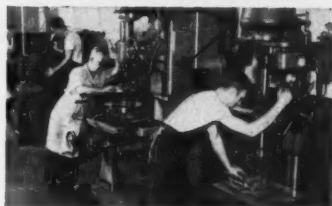
The result is a better packing or oil seal *specifically engineered and produced* for a definite operating requirement.

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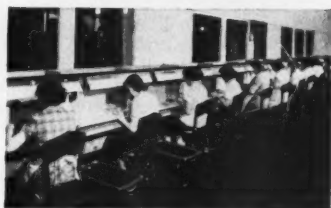
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LABORATORY CONTROL



COMPLETE TOOLING FACILITIES



100% INSPECTION

"... translating a robot into a practical machine..."

PRODUCTION starts on p. 48

analog computers, those that handle quantities that represent numbers. (A slide rule is an analog computer; lengths on it are given numerical values.) An adding machine is digital. Still in the idea phase: applying the principal of tape-control to office machines and equipment.

• **Inventors' Paradise**—Taking an unorthodox mechanism like the robot, when it's little more than a gleam in the inventor's eyes, and translating it into a practical machine is the kind of work that Daco takes to like a duck to water. This 23-year old tool and die shop has grown up to where it can take on engineering for electronic equipment and instruments as well. Under its tool-engineer president, Al Stauber, and general manager Ed Pirner, the company has built itself a reputation for three virtues: versatility, speed, and precision.

Several years ago, when the Russians forced the Berlin airlift on the U.S., the Air Force found itself short of carburetors for auxiliary powerplants. The original manufacturers had discarded the tooling and blueprints. So from a carburetor model, Daco built new tooling, produced, and assembled carburetors. Within three months from placement of the contract, 100 carburetors were delivered.

When New York University's medical school wanted an instrument to study heart diseases, it came to Daco with its problem. The final product was a recording instrument that takes down on tape the heart beat that a doctor hears through his stethoscope. Delicate heart beats can be replayed on a magnetic recorder for careful diagnosis.

Daco's extensive tool-making experience proved handy in a gauging job for the Fairchild Engine Division, of Fairchild Engine & Airplane Corp. How to inspect the airfoil sections of jet engine blades proved to be the bottleneck here. Daco developed a series of six gauges to inspect critical dimensions and shapes on a blade. When word got around that Fairchild had these gauges, Wright Aeronautical Corp. promptly put in an order for some of them, too.

The Navy now has an electronic gun-sight job for fighter planes in Daco's plant. The original contract called for production of the sights to Navy design. Daco called the Navy's attention to some design improvement possibilities. So the Navy extended the original contract to cover the engineering specifications.



The Christmas that starts in the summer!

For some people, the Yuletide season starts around July.

They're the department store buyers of America — and they do their Christmas shopping really *early*. They begin their purchasing months in advance of the Christmas buying spree.

But despite careful buying, December

is a wild, unpredictable month. Shelves are quickly emptied. Sell-outs become the rule. Thousands of sales may be lost through simple lack of merchandise.

But these buyers know the answer. To them, a sell-out means one thing—a quick call for more merchandise, via Air Express!

The world's fastest shipping service fills their shelves overnight!

Whether you buy or sell goods, here are the unique advantages you can enjoy with regular use of Air Express:

IT'S FASTEST—Air Express gives the fastest, most complete door-to-door pick-up and delivery service in all cities and principal towns, *at no extra cost*.

IT'S MORE CONVENIENT—One call to Air Express Division of the Railway Express Agency arranges everything.

IT'S DEPENDABLE—Air Express provides one-carrier responsibility all the way and gets a *receipt upon delivery*.

IT'S PROFITABLE—Air Express expands profit-making opportunities in distribution and merchandising.

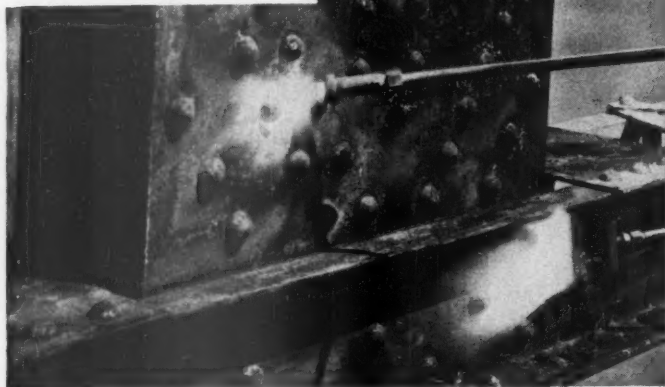
For more facts call Air Express Division of Railway Express Agency.



AIR EXPRESS
GETS THERE FIRST

Oxyacetylene Flame Cleaning speeds bridge repainting —without traffic interruption

McCANN STEEL COMPANY, Nashville, Tennessee, was asked to bid on a bridge conditioning and repainting job. It was essential that the work be done quickly and, most important, with minimum traffic interruption, since the bridge was located on a highly-travelled roadway. The most difficult part of the job was the removal of old paint and rust.



F. T. Wilson, Airco technical sales service representative, recommended oxyacetylene flame cleaning to remove scale and old paint prior to repainting. This process, requiring minimum equipment, leaves a warm, clean surface, which is conducive to a long-lasting paint job. Notice in the photograph how the river heads are being cleaned with a round tip and the flat surface is being conditioned with a wide flat tip.

The entire bridge was cleaned most satisfactorily, without disrupting traf-

fic too greatly. City officials were very pleased. Bids for reconditioning a second bridge across the Cumberland River will specify the use of flame cleaning.

If you have steel structures exposed to the elements, requiring long-time paint protection, investigate the advantages of Airco oxyacetylene flame cleaning. For technical service or copies of bulletins ADG-1066A, ADG-1067 and ADR-57, describing this process, please write your nearest Airco Office.

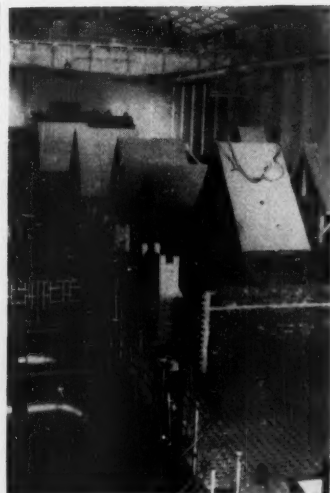


AIR REDUCTION

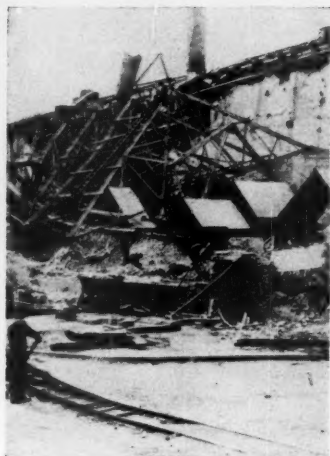
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Divisions of Air Reduction Company, Incorporated
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Bomb Protection . . .

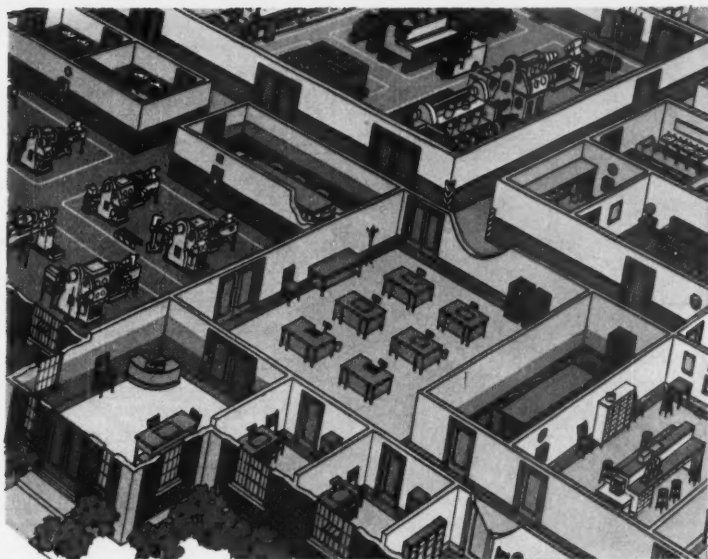


. . . Saves Machines

Back in World War II, a bomb landed right on top of a German powerhouse and blew the whole building to bits. But the equipment wasn't harmed at all. Protective roofing over each individual machine kept it intact.

That was just one of the bomb-protection measures European industrialists learned during the war. And today, the fund of knowhow they built up is being scanned by nervous industrialists in the U.S. Newest addition: a National Industrial Conference Board report on the experience of Germany and Britain in World War II, loaded with information that applies equally well to the A-bomb era.

About three months ago most indus-



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In industrial plants, in mills, in warehouses, Du Pont DULUX Maintenance Finishes have proved their outstanding ability to give extra months—and even years—of smart-looking protection... to stretch your maintenance painting dollars.

For years, Du Pont has been studying maintenance painting problems. From this research has come a new high standard in maintenance finishes—DULUX, a product that has proved its superiority.

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tested in the laboratory... brought to its highest degree of excellence technically and economically. And every one has proved itself in on-the-job performance.

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**Specially formulated
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DULUX Color Conditioning Paints are specially formulated to withstand hard knocks for years on interior surfaces... as well as to provide better seeing conditions, boost production and morale.

DULUX Machinery Finishes are high quality products for machinery maintenance. They have excellent impact resistance... have high resistance to the softening action of oils.

DULUX Safety Color Code Enamels come in high-visibility colors for "spot-lighting" safety hazards and locating safety equipment.

DULUX Maintenance White Enamel is intensely white... stays white... has very high light reflection. Ideal for textile or paper mills or where sanitation is important, as in food plants.

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DULUX Mildew-Resistant Maintenance White Enamel contains a special ingredient that discourages the germination of the spore of mildew and fungus. Non-irritating and harmless to painters and employees... produces a high, lasting gloss.

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trialists shrugged off consideration of wartime damage control. They opined:

- Chances that this country will be bombed are slim.

- If it did happen, most plants would be untouched because they are sufficiently well dispersed.

- If anyone's plant were bombed, there'd be little he could do about it anyway.

Two things have happened since to bring about a change in this thinking: (1) The second and third Russian A-bomb explosions, together with our Nevada atomic tests, and (2) the NICB report, *Damage Control in Wartime*, which shows that it is possible to protect both plant and equipment from practically all but a direct bomb hit.

- **A Bomb's a Bomb**—Findings of this survey of European experience are useful today because both high-explosive bombs and A-bombs produce the same kind of destructive effects. The main difference is in intensity.

Here is what European industrialists learned the hard way about plant protection:

- **Blast Walls**—During the last war, blast walls, or screening structures, were found to be the best way to protect buildings and equipment from bomb blast or pressure waves. Sandbag walls didn't work too well because they deteriorated quickly and required lots of material. Test under fire proved the nonrigid walls most effective. These blast walls are built of brick, but without any mortar. Because they're so elastic, such walls absorb the shock well.

- **Roofs**—European thinking today is that lightweight roofs are best because if the bomb explodes inside the building the roof blows off easily, and the blast is not contained within the building.

- **Structures**—Weak points of buildings were strengthened by installing transverse supports and adding framing, and by thickening walls. Steel frame and reinforced concrete buildings offered best resistance to fire or blast. Single story plants suffered the least damage.

- **Protective Roofs**—Vital pieces of machinery were protected against debris and blast by protective structures over individual pieces of equipment. Precast concrete structures and even steel shelters were used.

- **Glass Hazards**—Glass splinters, biggest danger to people and equipment, was met in two ways: Either all glazing was removed, or it was coated with bonding materials to retard shattering.

- **Fire Control**—To confine incendiary bombs, flat roofs and factory floors were covered with sand, or else peaked or slanted roofs were built. One plant even installed a sprinkler system on its roof to keep it wet. Well-separated buildings proved a basic safeguard against spreading of fire.

Rockwell Report



by W. F. ROCKWELL, JR.

President

Rockwell Manufacturing Company

THE LAST DECADE has taught American industry the value of subcontracting. The Rockwell Manufacturing Company has been subcontracting internally for many years. Often the parts for the completed product of one Rockwell division are made by one or more other divisions. Through central guidance at Rockwell headquarters, work is apportioned to whichever of our 17 plants is best equipped to handle it—best from the standpoint of available equipment, material, freight costs, labor supply, or a number of other factors. Costs are held to a minimum. Standardization is made possible in many cases. Employment peaks and valleys are levelled. Total output is increased, yet a single responsibility for quality is always present.

Northwest Airlines, at Wold Chamberlain Field, Minneapolis-St. Paul, has an installation of fueling pits on the aprons of the runway for underwing fueling of planes. Hose connections in the pit eliminate two gasoline trucks, mean faster servicing of planes, greater safety, reduced aircraft damage and less ramp congestion. Pit connections run to a battery of 100,000 gallon storage tanks. The whole system is controlled by self-lubricating, self-sealing Nordstrom valves, built by Rockwell.

Our Delta Power Tool Division was started to build home workshop tools, along with light industrial tools. Because of their low cost and high accuracy a number of manufacturing plants began to install them for special operation work. Then along came World War II, with its machine tool bottlenecks right at a time when industry was converting to the vastly increased needs of war production.

The war brought Delta tools into thousands of wood and metal working plants. Tool engineers found they were quickly adaptable to all kinds of routine and special high-production jobs. Their low capital investment made it profitable to tool them up for jobs that might run only a few hours a week, rather than to set up and tear down the tooling on bigger, more expensive machines as job operations changed. Time of skilled operators was saved, and with only limited training new workers could be taught to run pre-set Delta machines.

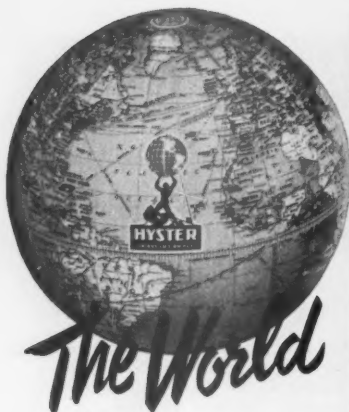
Now a great deal of Delta's output goes into industries of all kinds. Yet, the low investment required to equip a Delta shop has enabled many a home workshop to become a small and profitable business. The Delta files are full of histories, on the one hand, of home shops that have grown into substantial and successful companies, and on the other, of ingenious applications of Delta tools to some of the most difficult machining problems of some of America's largest manufacturers.

Of the three basic materials for paper making—pulp, coal for power, and water—water is by far the biggest item. For instance, the Kalamazoo Vegetable Parchment Company finds it takes 199 pounds of water to make and convert one pound of paper. Even with such large quantities of water, chemical formulation in paper making is a precise job. Kalamazoo Vegetable Parchment uses Rockwell-made Pittsburgh Empire industrial predetermining meters to automatically control contents of the mixing vats. Many Rockwell meters and valves on KVP's paper machines, filter lines, gas fuel lines, and chlorine and other chemical lines have been in service more than 20 years.

One of a series of informal reports on the operations and growth of the
ROCKWELL MANUFACTURING COMPANY
PITTSBURGH 8, PA.

for its customers, suppliers, employees, stockholders and friends.





is Hyster's Work Yard

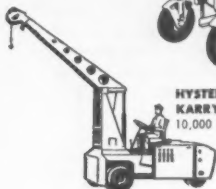
The sun never sets on Hyster Sales and Service. In the important industrial centers of the United States and in 58 foreign countries, Hyster dealers maintain service and parts stations on Hyster Fork-type Lift Trucks, Straddle Trucks, Karry Kranes and Hyster Salisbury Turret Trucks.

This world-wide organization sells the most complete line of Industrial Trucks and Attachments on the market. Equally important, all dealers have skilled service mechanics and adequate parts stocks to keep your lift trucks running better at lower cost.



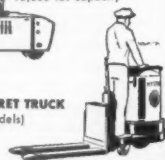
HYSTER 20
2,000 lb. capacity

HYSTER STRADDLE TRUCK
18,000 lb. and 30,000 lb. capacity (2 models)



HYSTER KARRY CRANE
10,000 lb. capacity

HYSTER Salisbury TURRET TRUCK
4,000 lb. capacity (4 models)



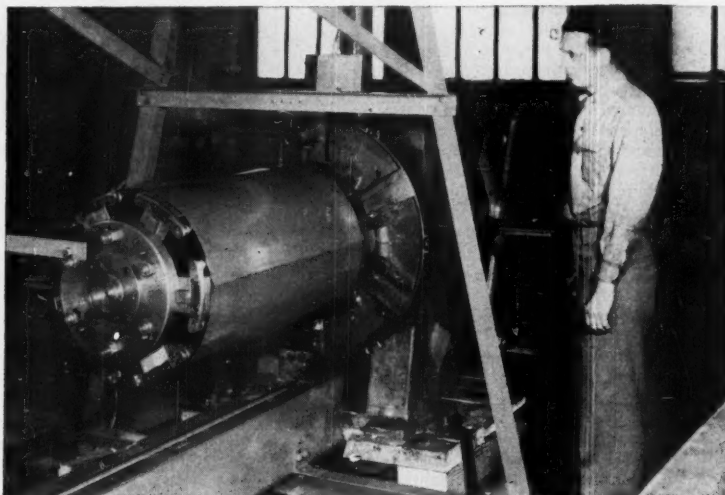
HYSTER® COMPANY

THREE FACTORIES

2907 N. E. Clackamas St., Portland 8, Oregon
1807 North Adams Street, Peoria 1, Illinois
1010-07 Meyers Street, Danville, Illinois



1 In the Grotnes method of drum-making, this is all the main plant would produce, a welded cylinder of sheet steel, plus the heads that go with it.



4 New machine made by Grotnes completes return of the drum to its round shape, smooths out creases, adds beads and flanges. Heads are then put in place.

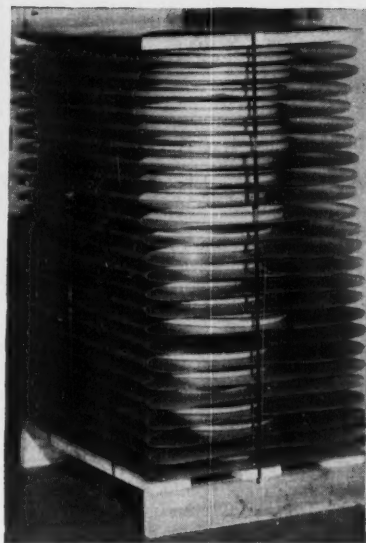
Beat the Freight: Ship

A shipper of empty metal drums pays a hefty penalty for the freight car space they take up. The Charles Grotnes Machine Works, Inc., of Chicago has come up with an idea that can cut the shipping charges in half. It ships semi-finished drums flat, then completes the fabrication job, using a new machine, at or near the user plant.

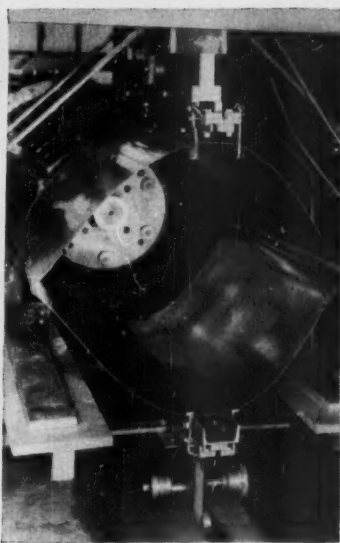
The Grotnes process starts with the basic cylinder for standard 55-gal.

drums. These cylinders are then flattened (Grotnes calls them preflats) and shipped on pallets to satellite plants near the point of delivery. There, a special Grotnes machine expands the preflats and finishes the manufacturing job. The preflats can be painted, lithographed, or chemically lined.

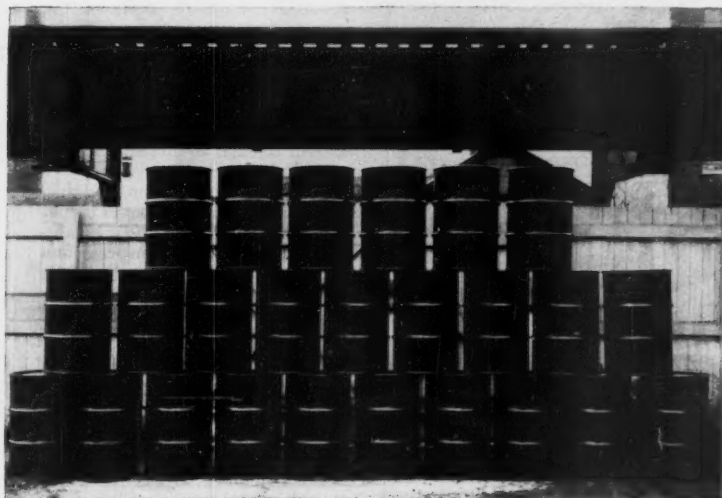
• **Savings**—The palletized preflats take up only about 10% as much space as finished drums. That saves shipping



2 Flattened drums, together with their heads, are shipped on pallets.



3 At satellite plant, expander pulls preflat open for the finishing job.



5 And these are the finished drums, ready for delivery to a nearby customer. The 25 drums shown here take 10 times as much space as they did in picture 2.

Empty Metal Drums Flat

charges, handling, and storage. These economies, Grotnes believes, should more than offset the cost of the satellite plant.

The finishing plant should cost about \$50,000, compared with \$3-million to \$4-million for a complete drum-making plant. A preflat expander can handle about 125 drums per hour; it could easily supply a customer who uses 300 to 500 drums a day.

Grotnes plans to lease its preflat expanders to drum finishers rather than sell them. The company has demonstrated its method to the Army, a big user of metal drums, and hopes to get a government order.

Grotnes has been building drum-making machines for 52 years. The company is wholly owned by the Van Leer Concern, a Dutch company with headquarters in Amsterdam. Through



better bottles for
precious plasma

WAR is rough on ordinary plasma bottles and once broken the plasma is lost forever. This new development by American Anode—a bottle with an envelope of transparent, latex "skin" over the glass—is a big step in safeguarding precious plasma. The bottle resists breakage to an unusual degree and even if the glass breaks, the plasma is still salvageable.

Does this give you an idea to help solve some problems you may have?

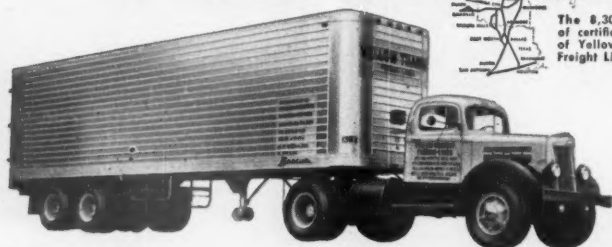
Here again is another example of ingenuity typical of American Anode's approach wherever special rubber coatings or plastisols (vinyl plastic paste) can be used to improve or develop products.

American Anode has produced such products as decontamination boots, plastisol gloves and other defense and civilian items. We can take over the design, manufacture and delivery of the finished product. If you're interested, write Dept. AF-7, American Anode Inc., 60 Cherry St., Akron, Ohio.

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THE SCALE TELLS THE TALE



Browns carry bigger payloads for Yellow Transit Freight Lines, Inc.

Brown Trailers are helping Yellow Transit Freight Lines, Inc., accelerate their vital defense transport business in eight states, over 8,300 miles of certified routes...

Reports President Robert C. Hardy of Yellow Transit Freight Lines, Inc.:

"The company's fleet carried many thousands of pounds more payload within legal limits with Brown tandem axle trailers."

"Today's operating conditions call for higher mileage, tighter schedules and bigger payloads. We found Brown's BIGGER PAYLOADS filled the bill and helped

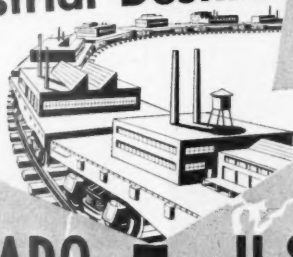
ed us to meet tight schedules and rising costs."

You, too, can speed up operations and meet your rising costs with bigger payloads when you use Brown trailers. *The scale tells the tale.*



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 Colorado Department
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 709 Capitol Building
 Denver 2, Colorado

its subsidiaries, the parent company makes drums in about 20 countries. Its only U.S. operation is the Grotues Machine Works.

New Electric Generator Cooled by Hydrogen

Westinghouse Electric Corp. copied a bit of engineering from the gasoline engine when it designed its latest generators for power stations.

The heat that's thrown off from the moving parts of an engine is carried away by the liquid in the built-in cooling system. And Westinghouse has done about the same thing with its generators. But instead of using a liquid coolant, the company forces hydrogen gas through a generator to keep its temperature down.

Hydrogen has been a standard coolant in the electrical business for a long time. Like an insulator it will stand a high voltage without breaking down electrically to cause a short circuit. And when it's passed over the hot parts of a generator, it absorbs some of the heat from them.

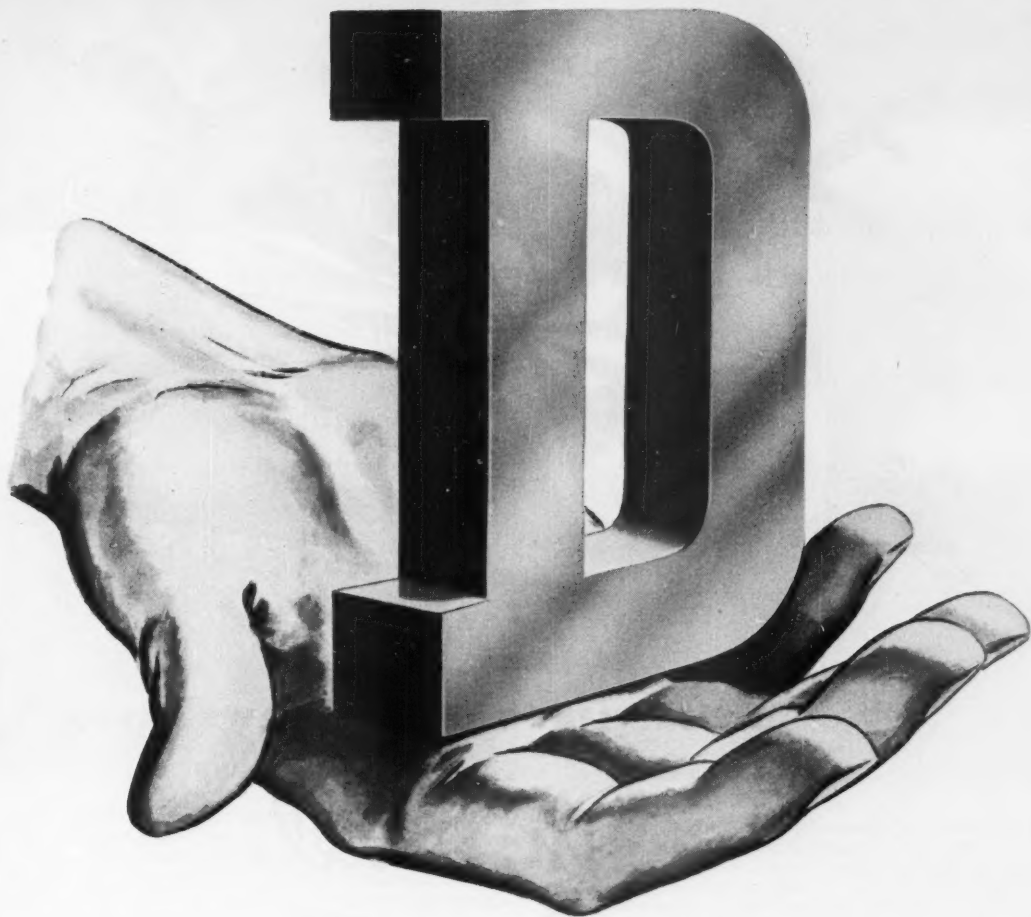
Now, Westinghouse has built a network of "pipelines" into its generator armatures, the moving parts that make the electricity for a power station. The gas is first compressed in a supercharger, then shot through an armature at high speeds.

With that type of cooling, Westinghouse is able to boost the power output of a generator by 50% without increasing its size. The power increase also conserves copper, which is in short supply today.

PRODUCTION BRIEFS

Columbia University announced plans for a \$23-million engineering center on Riverside Drive, in New York City. Dr. John Dunning, engineering school dean and noted atomic scientist, says the center will handle special research projects and help produce greatly needed "engineer-scientists," men trained in both the fundamental sciences and in the branches of engineering.

Less work for lawn mowers is in the offing, thanks to a new chemical, maleic hydrazide, that retards grass growth. Naugatuck Chemical Division, of the U.S. Rubber Co., says a test grass plot needed only two mowings through spring and summer after one treatment; neighboring untreated sections were mowed 19 times. Chemical costs for the test were about \$10 per acre against an estimated saving of \$70 per acre for mowing tools and labor.



close at hand...

The raw materials upon which we draw to make the dependable

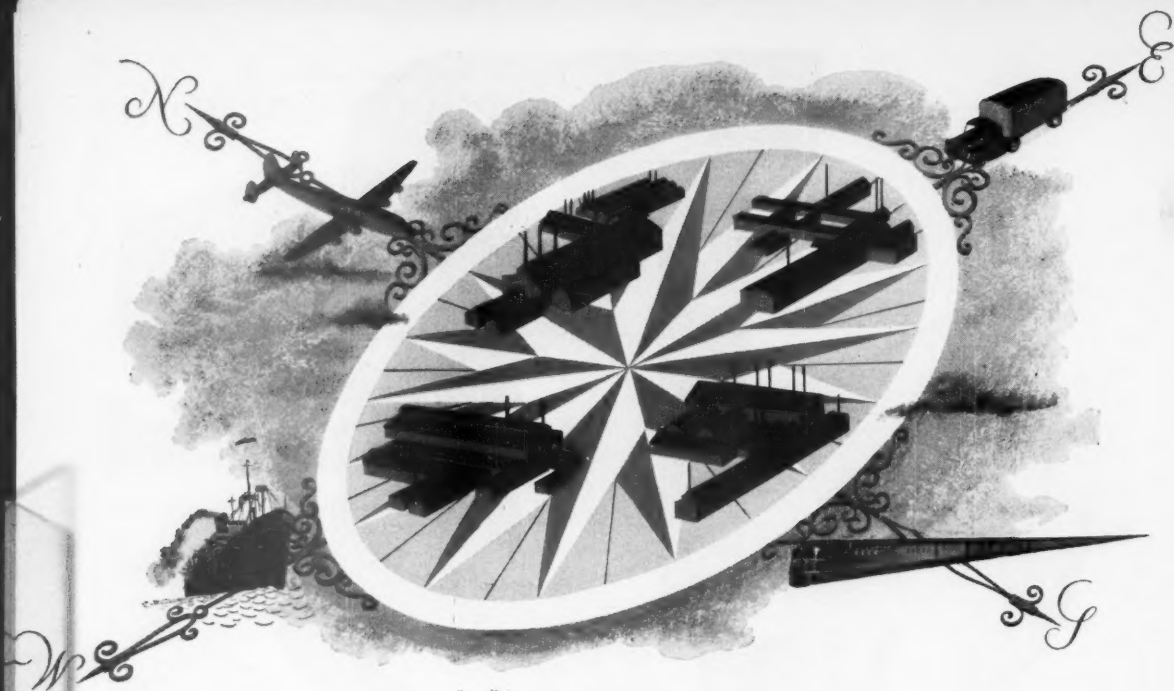
Davison products are natural resources of our country . . .
always "close at hand". On hand too is Davison's years of technical
experience and research. Leaders in industry and agriculture take advantage
of Davison's "close at hand" assets . . . they know that these
are reasons why the Davison "D" means dependability.

Progress Through Chemistry

THE DAVISON **D** **CHEMICAL CORPORATION**

Baltimore 3, Maryland

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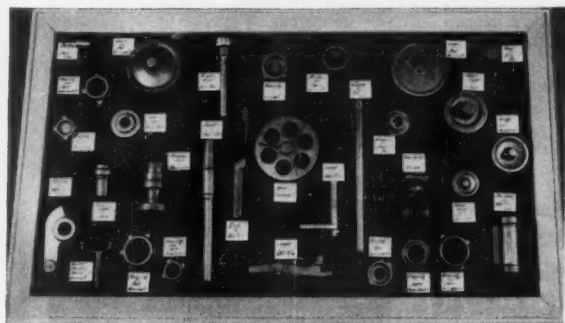
And it's a reliable source of supply, for Barium, controlling quality from blast furnace to finished product, is ready to work as a self-contained unit to speed urgently needed orders.

Let this team of strategically-located Barium companies working closely together bring joint knowledge to bear to solve your steel problems.

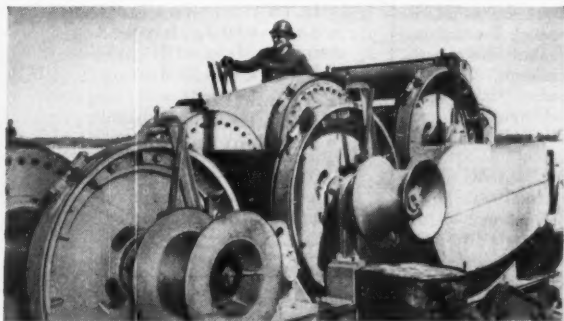
Just a glance at the picture-captions partly reveals Barium's diversity. The scope is even broader, as you'll find out, at no obligation, by describing your problem or need. Simply address Barium at 25 Broad Street, New York City.



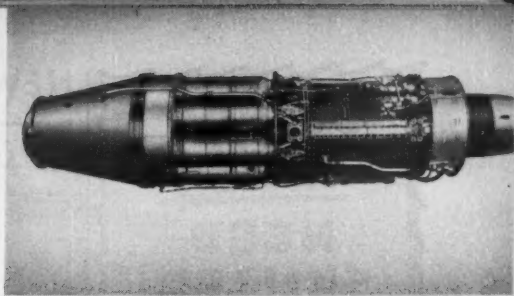
Ultrasonic waves on a Reflectoscope screen prove the effective heat treating this high speed steel bar received. Forged by Barium's Industrial Forge & Steel, Inc., Canton, Ohio, for the tool industry, it's one of scores of heavy forgings (including carbon and alloy) this company makes for scores of industrial uses.



To keep production high and high-grade, industry needs high strength drop forged components. Industry gets them, in the many parts shown here, from Globe Forge, Inc., a Barium member company. Included are automotive gears, shafts, shifters; jet aircraft housings; gun levers, pistons, etc.



Safer, faster, more efficient materials-handling is crucial in the construction industry. American Bridge Co. is getting just that, thanks to this steel erectors hoist made by Clyde Iron Works, Inc., Duluth, Minn., a Barium subsidiary. Clyde Whirley cranes also serve industry's materials-handling needs.



Lightning-like jets are powered by J-47 Jet Engines. A Barium subsidiary, Jacobs Aircraft Engine Co., Pottstown, Pa., supplies the manufacturer with vital components to produce these engines... gear box assemblies, auxiliary drives, etc. In addition, Jacobs makes complete reciprocating aircraft engines for the industry.



This diesel engine oil pan, produced for General Motors, is lighter, better-looking, lower cost because it is stamped, not cast. It is typical of medium and heavy stampings made by Barium's Geometric Stamping Co., Cleveland, O., which serves many industries as an extra manufacturing department.



BAYONNE BOLT CORP. • CENTRAL IRON AND STEEL COMPANY • CHESTER BLAST FURNACE • CLYDE IRON WORKS, INC. • CUYAHOGA SPRING COMPANY • ERIE BOLT AND NUT COMPANY • GEOMETRIC STAMPING CO. • GLOBE FORGE, INCORPORATED • INDUSTRIAL FORGE & STEEL, INC. • JACOBS AIRCRAFT ENGINE CO. • KERMATH MANUFACTURING CO. • KERMATH LIMITED (CANADA) • PHOENIX BRIDGE CO. • PHOENIX IRON & STEEL CO. • WILEY MANUFACTURING CO.

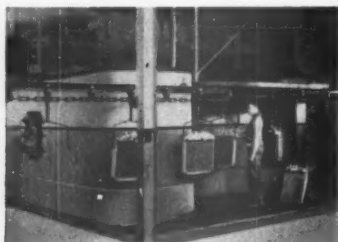
DO YOU really NEED SKILLED WORKERS

The traditional use of skilled workers on a given operation does not necessarily mean that they are essential.

A perfect example of this is the manufacture of automobile radiators which was always handled by skilled workers until MHS engineers proved that neither skill nor training were necessary.

Every operation in the production cycle was broken down into its simple essentials — so simple anyone could perform them. These elements were then integrated with specially engineered production and materials handling equipment into a smooth running system. Product quality improved, output increased and costs went down.

There may be similar opportunities in your present operations. You can find out by letting MHS engineers study the problem. No obligation on your part.



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NEW PRODUCTS

For Machining Wings

Ever since the aircraft companies started turning out high-speed jet and piston engine planes, they have been trying to add necessary strength and, at the same time, to reduce weight. One solution is to make integrally stiffened surfaces—that is, to produce a wing surface with the ribs and stiffening sections all cut from one piece of metal. But there are a lot of snags when it comes to putting the idea into practice (BW—Apr. 28 '51, p. 44).

The Onsrud Invomill may cut out some of the snags, because it will not only machine to any shape, but also can mill materials up to 2 in. thick, 72 in. wide, and 96 in. long. Its end mill cutters are guided by a template and can machine with an accuracy of plus or minus .001 in.

The unit routes the slab of metal in any direction. What's more, the operator can change or reverse direction without stopping and always maintain a uniform rate of speed. If he gets off the beam, warning lights will flash, and, if he goes too far off, the machine completely shuts down.

Onsrud Machine Works says the Invomill will work faster than hand-fed arm routers or tracer-controlled mills. The operator rides with the carriage and need follow the template only to plus or minus 1 in. without affecting machining accuracy.

• Source: Onsrud Machine Works, Inc., Chicago, Ill.

NEW PRODUCTS BRIEFS

Simultaneous protection of two machines, when one feeds the other, is offered in Dual Channel Protectron. This electronic gadget shuts down both machines when any pileups, misfeeds, or other difficulties occur. Maker Brinnell Co., Simsbury, Conn., says one man can now operate four machines safely.

Dirty golf balls are cleaned with Spray New. Federal International Co., N. Y. C., the maker, says you save time and fuss with their spray dispenser, and it costs you only 4¢ a ball.

Fusion welding jobs with alloy steels are easier when you use Solar Flux, says Solar Aircraft Co., San Diego. Their fluxes are combinations of compounds that remove surface oxides and thus minimize chipping, grinding, and finishing. They also allow higher welding temperatures without "burn-through."

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The Hayssen wraps most anything automatically... at low unit-cost, with high production, electric eye registration of printed wraps... and consummates more than 40 years of experience. Investigate Hayssen advantages today, — without obligation.

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PETROLEUM



AN ARRAY OF PAMPHLETS is part of the oil industry's campaign to put its story before the public. It's already . . .

In Solid With the Government

No major industry has a closer or smoother working arrangement with the federal defense administrators than the oil and gas industry. Last week Interior Secretary Oscar Chapman demonstrated just how close the relation is. He came out flatly against a renewed effort to force a government man on the National Petroleum Council as chairman.

The council is now the only industry advisory committee to any defense agency that has an industry man at its head (W. S. S. Rodgers, chairman of the Texas Co.). To get a Justice Dept. exemption from the general rule Chapman himself had to carry the case to the White House.

The fight was reopened recently by the House Judiciary Committee. To the committee's report complaining about the situation, Chapman retorted: "I like the council, respect its work, and will fight to the finish any new attempt to change its setup."

• **Cause for Confidence**—Chapman can point to the record as evidence of why he has such confidence in the council. The group has been working closely with the Petroleum Administration for Defense and the Interior Dept. Nearly 80 of the nation's top oil and gas executives have given their time to this work. And the council has made, at its own

expense, many of the detailed studies that guide PAD.

Most of the council members had previous experience in the Petroleum Industry War Council in World War II. Between wars, the council remained in being as a peacetime liaison group assisting the Interior Dept. in several studies.

As a result of this carryover, no time was lost in switching to defense problems when the new mobilization began. The council was also in a position to provide PAD immediately with experienced executives to fill key spots. Other industries took months to line up their first candidates.

Except in the legal and administrative divisions, all key posts in PAD are now filled by working oil and gas executives, most of them serving without compensation. Though Chapman holds the title of administrator, the day-to-day operations and most decisions are managed by Deputy Administrator Bruce K. Brown, who was president of Pan-Am Southern Corp.

• **Groundwork**—Industry leaders could hardly have been ready to play such a prominent role if it hadn't been for the American Petroleum Institute. In Chicago this week, API held its 31st annual meeting, with more than 5,000 dele-

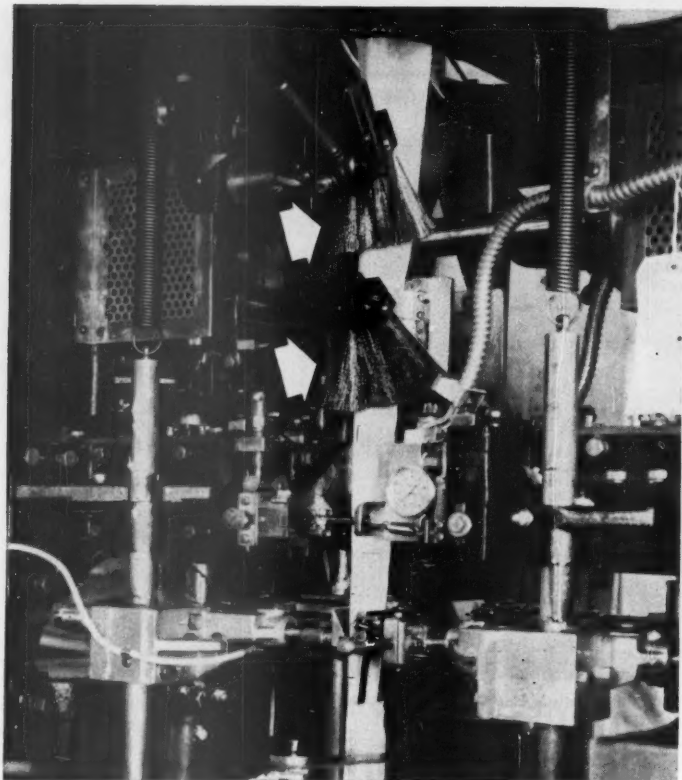
gates. These oil men elected L. S. Wescoat (cover) as chairman of the board of directors, API's highest post.

API was founded in March, 1919, soon after the director of the U. S. Bureau of Mines had made this solemn pronouncement: "Within the next two to five years, the oil fields of this country will reach their maximum production. And from that time on, we will face an ever-increasing decline."

That didn't make sense to the men who had helped to "float the Allies to victory on a sea of oil" in World War I. They saw bigger development, different problems, ahead for the petroleum industry. In their war work they had glimpsed the power of cooperative effort in solving mutual problems. API was their answer. Its first annual meeting in 1920 attracted 420 men.

• **Leadership**—API is governed by a board of 119 directors—or, more narrowly, by an executive committee of 34 men within this board. Wescoat's predecessor as chairman of the board is W. Alton Jones, president of Cities Service Co.

Wescoat is president of The Pure Oil Co. He has been a director of API for 15 years, was treasurer for three years. He is also a member of the National Petroleum Council and serves



Static killed... more output in the bag

Here's how... This is part of a tea-bagging machine. Static generated by the moving bag paper caused the tea to cling to the sides of bags as they were filled, interfering with sealing.

The machine builder tried various static eliminators without success... Then with the help of the Osborn Brushing Analyst, he licked the problem with Osborn Brass Wire Strip Brushes. These brushes (see arrows) press gently against the paper as it is formed into bags and not only kill the static but help smooth the forming operation.

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on several of the council's committees.

• **Behind the Scenes**—There is a close but unofficial relationship between the NPC and the API. Many men, like Wescoat, serve in both groups. Many of the NPC studies are built on figures gathered by the API staff. (API has two full-time paid officers—president Frank M. Porter and secretary Lacey Walker—and a staff of workers.)

API makes a point of isolating itself from government activities. It maintains only a small office in Washington, concentrates its work in New York. It takes no official part in NPC affairs, rarely appears at congressional hearings.

This doesn't denote lack of interest. It's merely that API steers clear of lobbying and of professing to represent the trade. This way it avoids intra-industry conflicts that might tear the association apart. In a pricing matter, for example, producer members and marketer members could hardly be expected to see eye to eye. Besides, concerted action in pricing might put API afoul of antitrust laws.

• **What API Does**—The bulk of API work is done by the staff and by committees of either the board or the four operating divisions: production, refining, marketing, transportation.

One API accomplishment: standardization of oil equipment. Years ago, a piece of drill pipe from one maker often couldn't be threaded to that of another maker. Today API standards are recognized all over the world, and \$500-million worth of equipment follows those specifications.

Another feat: compilation of probably the greatest mass of statistics dealing with any U.S. industry. In this, API is aided by the Bureau of Mines, as well as by its own members.

• **Not So Good**—API has had less success, however, in public relations. A survey by Opinion Research, Inc., shortly after World War II showed that the oil industry stood low on the totem pole of public respect. Only one person out of 16 said he knew the oil industry better than such industries as auto, railroad, coal, steel, chemical. Only one in 25 thought the oil industry was doing a very good all-round job. More than half thought the oil companies got together to fix product prices.

The survey also showed that people who didn't know the industry well were the most critical. "Those who know us well think well of us," as one API staffer put it.

This led to the formation of the Oil Industry Information Committee to educate the public about the oil business. OIIC is largely financed by API, but is kept separate as an industry project, rather than an institute project. It uses every publicity means to spread its story. And a resurvey of public opinion last year showed encouraging progress.

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to come!



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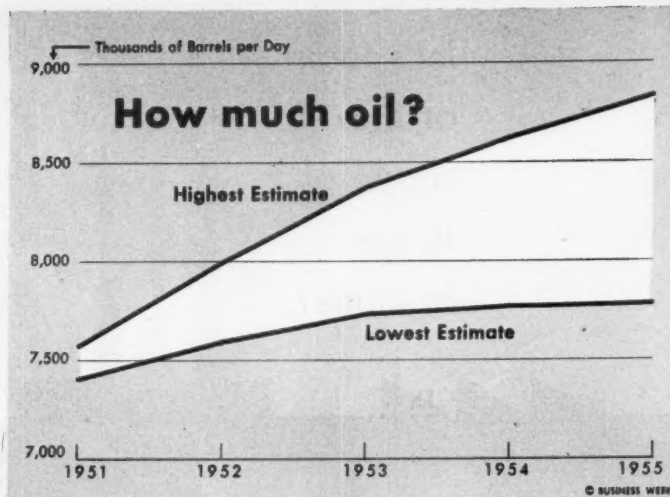
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Oil experts talk knowingly of a million-barrel increase in daily demand within the next three years or so, of the need for an equal gain in productive capacity and refinery capacity, of the prospect that the industry may spend \$5-billion to keep supply in step with demand. Those who look even further ahead unblushingly predict that in a decade total U. S. demand will reach 9.1-million bbl. That's a good 1.7-million bbl. daily more than was needed in the first half of 1951, and more than the whole world, excluding Russia, used as recently as 1949.

• **Forecasts**—This was the consensus at the annual meeting of the American Petroleum Institute in Chicago last week (page 63). It got close consideration, too, at a recent meeting in Washington of the National Petroleum Council, industry advisory group to the government.

These forecasts don't depend on a World War III either. In fact, as one economist said: "War would knock our calculations cockeyed." But they are based on these assumptions: (1) that the U. S. defense program will continue along present planned lines, (2) that there will be no drastic change in our economy, and (3) that materials short-

ages won't cut into facilities expansion.

• **Supply Cushion**—How to achieve needed growth in supply was one of the main subjects at the NPC session. It came out through committee reports on oil and gas availability, underground storage, capital and material requirements.

On the availability side, oil experts told the council that U. S. capacity to produce crude and natural gas liquids can be expected to increase to between 7,789,000 bbl. and 8,838,000 bbl. daily by 1955 (chart page 66). This compares with actual output of 6,465,000 bbl. daily at the start of 1951.

Comparing expected availability with predictions of demand would seem to leave a comfortable cushion. The 1954 forecast, for instance, calls for 7,485,000 bbl. daily output of crude and natural gas liquids, while availability should range between 7,781,000 bbl. and 8,627,000 bbl. daily.

• **Not Too Comfortable**—But the forecast is averaged out over the year; actual need may vary as much as 500,000 bbl. within that period. Besides, oil men aren't comfortable unless there is a cushion of perhaps 1-million bbl. daily between availability and demand.

The need for a cushion extends beyond availability of the raw product, of course. It includes refining and transportation capacity. So the industry is



"IT WAS AN ACCIDENT, DAD!"

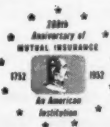
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setting out to enlarge these, too. They hope to add 1-million bbl. of refining capacity by late 1952 or 1953.

About half of this increase in supply, the NPC committee found, can be achieved without any new refinery construction. All that is needed is transportation and storage facilities to permit fuller utilization of existing crude supplies and refineries.

• **A Net Importer**—NPC also took a long look at the foreign oil situation. The U.S. is now producing more than half the world's oil from 25% or so of the world's crude reserves. That means that foreign oil supplies are going to become more and more important in filling this country's petroleum needs.

Ever since 1947 the U.S. has been a net importer of petroleum; by 1953 we may be importing more than 1-million bbl. daily of crude and products, exporting only 235,000 bbl. daily.

• **Bigger Stocks**—In view of the greater volume of business that will result from the uptrend, the industry will need greater inventory. It is expected to try to push up the amount of crude or products in storage at producing points, at refineries, at distribution points, and in pipelines.

All in all, the experts come up with a supply-demand balance that looks like this:

Year	DEMAND (000's bbl. daily)		Total Demand
	Domestic Demand	Exports	
1950.....	6,499	304	6,803
1951.....	7,055	415	7,465
1952.....	7,620	255	7,875
1953.....	8,005	235	8,240
1954.....	8,255	210	8,465
1961.....	8,885	200	9,085

Year	SUPPLY (000's bbl. daily)		Total Supply
	Crude and Natural Gas Liquids	Imports	
1950.....	5,900	847	6,747
1951.....	6,625	880	7,505
1952.....	6,945	975	7,920
1953.....	7,270	1,010	8,280
1954.....	7,485	1,035	8,520
1961.....	7,930	1,180	9,110

• **More From Abroad**—In making its predictions, the committee ignored the present Iranian crisis as a temporary matter causing only short-term dislocations. Actually, crude production in the Middle East, Venezuela, and Canada has been stepped up in recent months to the point where it nearly equals the temporary loss of 700,000 bbl. daily of Iranian oil.

This year, the NPC committee reported, foreign oil supplies, excluding Russia and the satellites, will average about 5-million bbl. daily. By 1955 this productive capacity should be increased to somewhere between 6,092,000 bbl. and 7,139,000 bbl. daily.

By that time, other oil experts say, foreign oil demand, now running about 3.5-million bbl. daily, will probably jump to nearly 5-million bbl. daily—about as much as the U.S. used in 1945.

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Nylon also met the need for toughness and strength in this crossing gate, able to take the rough punishment it was sure to get. And because Du Pont

nylon is easily and economically molded in intricate shapes, it reproduced faithfully every detail — even down to the tiny bolt heads on the housing.


Nylon was also selected by this manufacturer for other equipment parts: the coil form inside the housing and the concentric spline shafts in the transformer. Its electrical insulating properties, its light weight, toughness, resiliency and the fact that it needs no lubrication served this manufacturer in a variety of uses.

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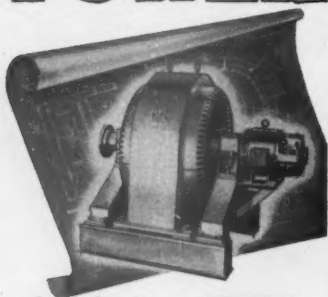
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X-74

Synthetic Fuel Cost: Two Views

On a new coal-to-gas plant:	Total plant cost	Equity capital invested	Price per gal. for 6% return	Value of byproducts per year	Operating personnel needed
Bureau of Mines says:.....	\$411-million	40%	11¢	\$42.3-million	156
Nat'l Petroleum Council says:..	\$533-million	100%	41.4¢	\$16.4-million	238

Interior Secretary Oscar L. Chapman's campaign to get petroleum industry backing for construction of a coal-to-gasoline plant fizzled last week—drifting into an argument over costs.

In a way, Chapman had asked for trouble last April, when he called on the National Petroleum Council to check his Bureau of Mines cost data on synthetic fuel production. He had asked for a "critical study," and that is just what he got. In dealing with coal hydrogenation (coal-to-gasoline) possibilities, the council's study committee put the accent on "critical."

• **Gloomy Report**—Confining its study almost entirely to the fuel production end of the method, the committee estimated gasoline released by such a process would have to sell at 41.4¢ a gallon to bring a 6% return on the required investment. This was nearly four times the 11¢ estimate of the Bureau of Mines. With this sort of discrepancy, it was evident somebody's figures needed checking.

Bureau personnel had worked closely with the council committee on the original phases of the report. The final version voiced the hope that the bureau, with the help of this experience and of the report itself, would now be in a better position to prepare "comparable cost estimates for any known or new process combination."

• **Optimism**—But the bureau had a different idea. It went into the business of reviewing the review of its own figures. While the council had been preparing its report at a cost of some \$300,000, the bureau had brought one of its own reports up to date. With this for ammunition, the bureau was ready to bring the argument out in the open. Just how far Chapman will let the argument go is anybody's guess. But it's no secret he likes the bureau's figures better.

From beginning to end, the two reports show wide differences in methods and calculations.

• **The Two Views**—Bureau of Mines estimated a coal hydrogenation plant would cost \$411-million, but the council figured on at least \$533-million. The council had counted \$67-million for housing and community facilities, which the bureau had not.

The council said the venture would require all equity capital and figured a

6% return. It hinted that 15% would be more like it in this sort of speculative venture. Not so, said the bureau. It figured the process was dependable enough to draw bond buyers for 60% of the original investment. The rest would be provided for in equity with returns just under 6%.

These arguments alone can account for a large part of the discrepancy, but there are other factors, too. The bureau banked heavily on sale of byproducts. And it argued that the operation of the plant would cost only half of what the council said it would.

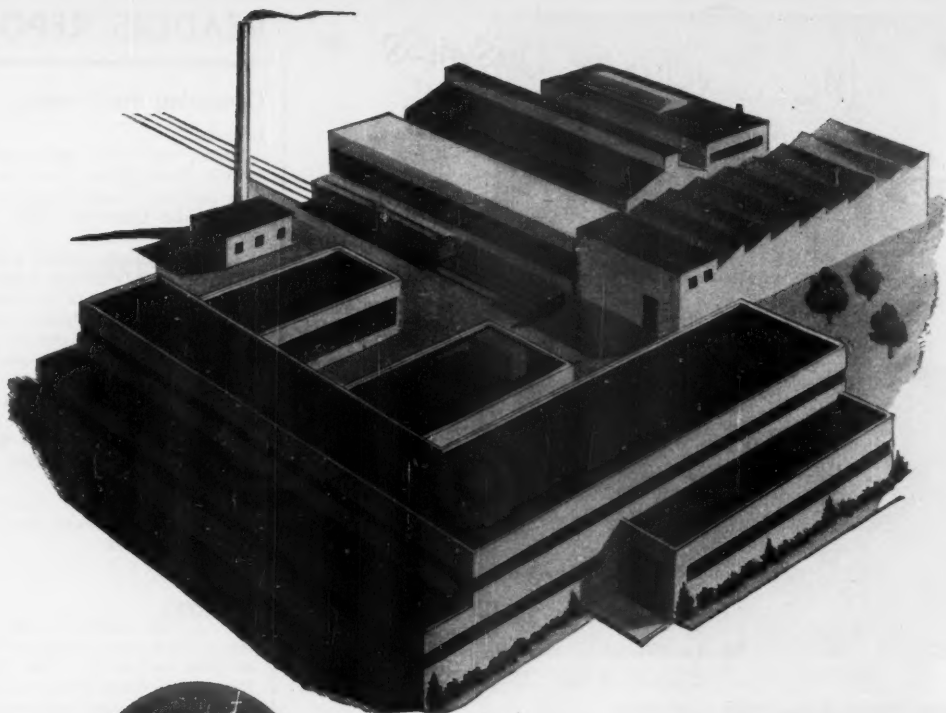
• **Byproducts**—Both the council and the bureau based their reports on the idea that the plant would be mainly for synthetic fuel production, and chemicals would only be byproducts. In this way, their study would not apply to the coal hydrogenation plant planned by F. Eberstadt Co. or to the demonstration plant being built by Union Carbide. These are being planned mainly for chemical production, which would require additional initial investment.

From the mobilization program viewpoint, though, chemical production actually has more appeal. The process offers the possibility of producing quantities of hard-to-get chemicals. By the time a plant could be built, it's expected these chemicals will be in tighter supply than they are now.

• **Another Problem**—But even if the economics of the process were inviting, the amount of steel needed to build just one plant is near-prohibitive during the present mobilization period. Petroleum men argue the country will get a much higher return of both fuels and chemicals by siphoning any available steel into the oilfields and refineries.

On the outlook for another synthetic fuel, the bureau and the council are closer together. Their figures were pretty close on getting gasoline from oil shale. The council estimated this type of fuel would have to be sold at 16.2¢ a gallon to cover production costs. It warned the petroleum industry, which now sells gasoline wholesale at around 12.5¢, that the process "warrants continued attention."

Although all the fuss came over coal hydrogenation, the oil shale method of producing fuel appeared a lot nearer reality.



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READERS REPORT

Censoring the Censors

Dear Sir:

Thank you for the copy of your letter to Mr. David Heath (also printed in your editorial "Should BUSINESS WEEK Censor the Censors?") [BW—Oct. 20 '51, p172].

I am particularly pleased about your statement that BUSINESS WEEK recognizes the potentialities for both good and harm to the national defense in handling news about defense production. The President has made it clear in connection with his recent Executive Order on security information that he will not tolerate the application of this order for any purpose other than safeguarding of bona fide security information.

JOSEPH SHORT

SECRETARY TO THE PRESIDENT
THE WHITE HOUSE
WASHINGTON, D. C.

Dear Sir:

... Your editorial could lead me into an essay on something all of us are avoiding increasingly these days, and that's a little thing known as RESPONSIBILITY. In your final paragraph you give away the ghost by sanctimoniously announcing that BUSINESS WEEK "will scrupulously abide by the rules of the game." What about the spirit or the thought of the thing? And since when is this struggle impending with the USSR a game? Believe me, we aren't going to be able to pick up our marbles (or a publishing business, for example) and quit playing if we should happen to be on the losing side this time! ...

... I repeat—this thing is ours, it's for us, it is us. And if it's bad, we've got to try to make it better, and if it's sloppy and inefficient and if some disenchanted civilian purchasing agent gets into uniform and declassifies some security information, that doesn't mean our RESPONSIBILITY to ourselves is accomplished. Let's not challenge the censorship—let's examine and challenge the releases. Let's make a thoughtful decision irrespective of the decisions of our elected, appointed, or grafted representatives. (After all, being made officials doesn't make them intelligent!) To be able to point to the fact that material was officially released to you is a very petty matter if it means that one of our infantrymen on a hill is burned out of his position. Use your head. When the house is on fire—sure, call the fire department. It's their job to put it out. But, while waiting for them, you'll do damn well to throw a little water yourself. And when the firefighters leave, convinced that

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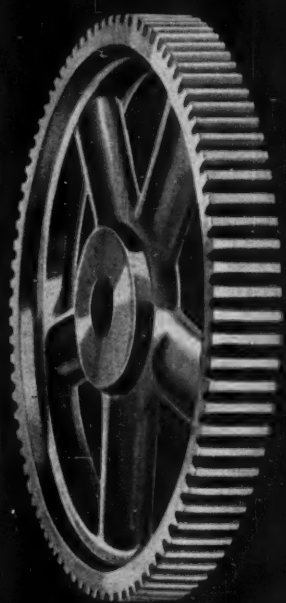
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FLOYD M. ANDREWS

ST. PAUL, MINN.

Dear Sir:

... I must say that (referring to your editorial on censorship) technically I would consider that you are completely in the clear, provided the material you have used is unclassified. Actually, I consider your reasoning that you are aiding the defense effort by rapid dissemination of technical information as downright silly.

A few hours on the teletype or long distance telephone would pass along more information than you could present in a magazine article from one producer to another or from one Army inspector to another. It is not your function to coordinate the producers or contractors in the defense industries. It is certainly not your function to coordinate the design and production of our weapons of war. If such a practice were continued, I am sure that our enemies would be greatly encouraged—and we would be great fools. . . .

... Such matters as this point up the apparent fact that there are a great number of men in positions of responsibility and leadership in both our military and industrial organizations who seem to me to be lacking in good judgment.

FRANK J. WILLIAMS

CHARLOTTE, N. C.

Sir:

... The moral of your editorial seems to have been completely ignored by all.

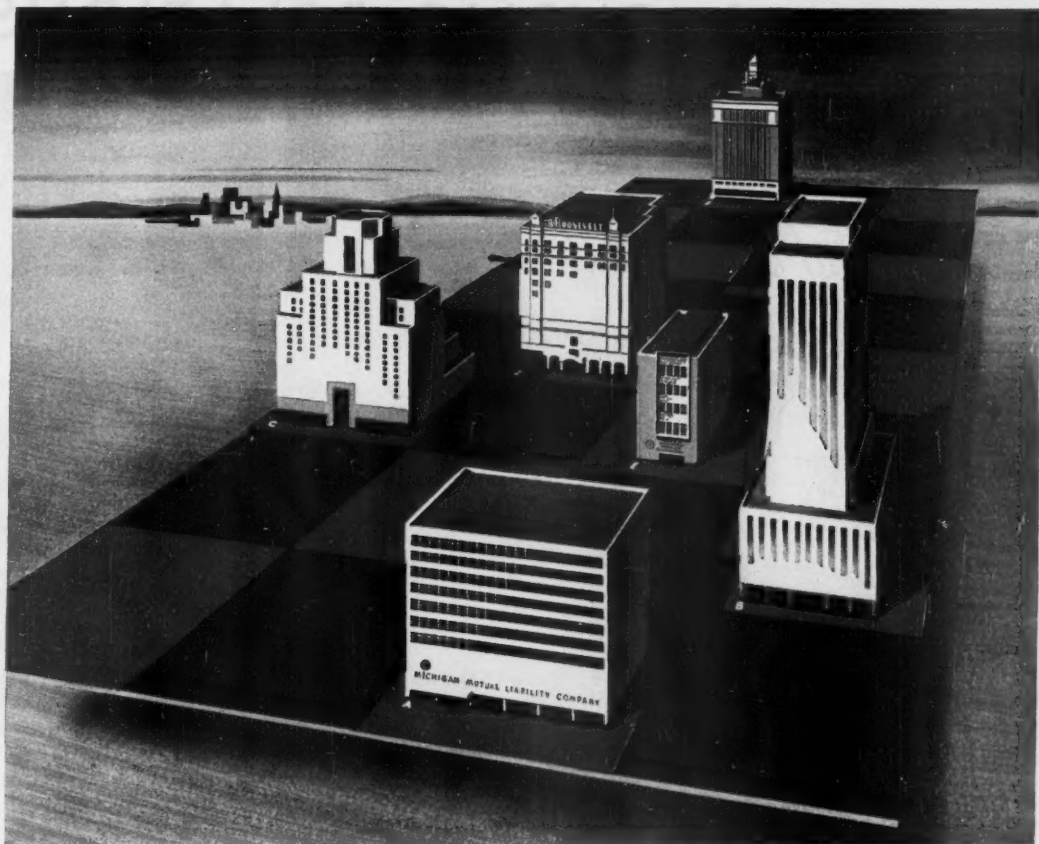
It does not seem to be understood by President Truman, and Mr. Heath, and all nontechnical bureaucrats that the operation of technical equipment is more important than the actual construction. For example: Any untrained person can be quickly taught to drive a tractor—but, as long as you do not reveal the secret of where to put in the gas, oil, water, and air, the secret is still safe and beyond comprehension.

... President Truman's attitude clearly shows that his technical knowledge is unusually shallow—and seems to reveal that he is completely unaware of the enormous pile of technical publications in each branch of industry and agriculture—entirely outside of the "slick" magazines sold on newsstands.

I am sure attorney Heath is also unaware of the same volume of output of technical publishers—or he would not be so impressed by the articles in BUSINESS WEEK—as a source of help to Communists. . . .

R. C. ROME

WEST FORK, ARK.



IMPORTANT BUILDINGS EVERYWHERE rely on Westinghouse Vertical Transportation Systems—A. Michigan Mutual Liability Co., Detroit • B. Sinclair Oil Building, New York • C. Durham Life Building, Raleigh • D. Hotel Roosevelt, New Orleans • E. Central National Bank of Cleveland • F. Equitable Life Insurance Building, Des Moines.

WHAT'S YOUR FIRST MOVE...

when buying Vertical Transportation?

Whether you're playing checkers . . . or considering new vertical transportation equipment, check over *all* the possibilities before you "make a move." In the matter of vertical transportation, that means checking the products of more than just the one manufacturer you know best.

For years, Westinghouse engineering developments have stimulated the vertical transportation industry to strive for ever-higher

standards of quality and efficiency. In every phase of vertical transportation—equipment, maintenance, and service—Westinghouse has been the vanguard for progress. So, whatever your traffic problems may be—*test Westinghouse before you decide!*

For information write Westinghouse Electric Corporation, Elevator Division, Dept. A-1, Jersey City, New Jersey.

YOU CAN BE SURE... IF IT'S

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PASSENGER ELEVATORS • ELECTRIC STAIRWAYS • FREIGHT ELEVATORS • MAINTENANCE & SERVICE



With corrosion putting an estimated \$1 1/2-billion dollar bite on U. S. industry every year, the need for its control is becoming increasingly important. Just how much of this cost applies to your particular operation only your cost sheets will tell. But it's a pretty safe bet that repair, replacement and excessive general maintenance resulting from premature pipe failure are numbered among the items.

Thousands of users in every industry are finding the profitable answer to corrosion headaches in Byers Wrought Iron pipe. They know that "cost per year of service" is the only true measure of economy. Service records have proved that genuine wrought iron piping is still good after serving three or four times longer in areas where vulnerable piping has failed.

You can learn about Wrought Iron . . . why it lasts . . . how it is used, etc. in "The A.B.C.'s of Wrought Iron." For your copy, write A. M. Byers Company, Clark Building, Pittsburgh 22, Pa.



BYERS
WROUGHT IRON

PUBLIC RELATIONS



THE PAST. Bathing suits, and adult rompers, used to be Coast's big claim to top ranking in the wrap-me-up-nice trade.



THE FUTURE. This evening dress is part of the California apparel industry's new bid for supremacy in formal fields.

From Beach to Ballroom: California Stylists Expand

(Story on page 80)

BUSINESS WEEK • Nov. 10, 1951



PUTTING ON THE DOG. Even pooches are recruited to help boost California's high-style business into the \$1-billion class.

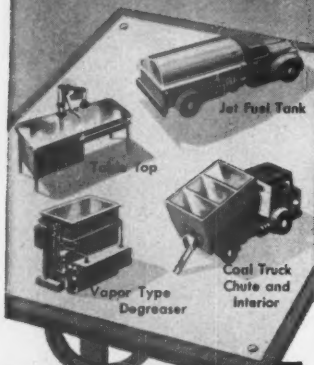


BUYERS AND EXPERTS from the East came out to study the Coast's invasion of the formal field of haute couture.



TINY POODLE wows the experts, steals show from a wrap with checks big enough to kennel the pup.

SHORT CUT TO PRODUCT IMPROVEMENT AT LOW COST



Design Them Around
PERMACLAD
Stainless Clad Steel

Corrosion Resistant! Easily Formed!

Manufacturers and designers are discovering the advantages of designing products and equipment around PERMACLAD Stainless Clad Steel. It combines the surface characteristics of Stainless Steel with the formability of mild carbon steel and provides corrosion resistance at low cost. PERMACLAD is Stainless Steel (10% or 20% but can be varied to meet design requirements) inseparably welded to carbon steel.



Savings in the consumption of critically short materials can be effected through the use of PERMACLAD. Now is the time to improve your products at low cost. Get the complete PERMACLAD story today. Write for folder DD.

Scrap is a vital necessity to keep America's steel mills operating at capacity. Cooperate! Sell your scrap now.

For Better Products At Low Cost Specify **PERMACLAD**

PERMACLAD
STAINLESS CLAD STEEL

ALAN WOOD STEEL COMPANY
CONSHOHOCKEN, PA.

125 Years of Iron and Steel Making Experience

Other Products: A. W. ALGRIP Abrasive Floor Plate • A. W. SUPER-DIAMOND Floor Plate • Plates • Sheets • Strip • (Alloy and Special Grades)

"... California's campaign for all-over fashion cover- age..."

PICTURES on pages 78 and 79

California has long since carved itself a lucrative leadership in the fashion world of bathing suits and play clothes. It adds up to a \$500-million business. But the West Coast designers aren't satisfied; they want to expand to mid-lady's outlying precincts, to be leaders in all kinds of style. By 1960, they think, the apparel business can boost its gross to \$1-billion.

• **Festivities**—Last week the trade fired its first major salvo in the campaign for all-over fashion coverage. Top fashion writers from the East were summoned for a seven-day festival of promotion. Wine flowed in rivers, models marched in platoons. That fine old California staple, the bathing suit, was way out in left field, after the first day.

The doubledomes of the what-to-put-on business were held to an exacting schedule. Monday morning gave bathing suits; in the afternoon three leading makers of tailored suits and coats took over. On Tuesday California's Wool Bureau threw out the first ball for a promotion reported to be going to cost \$250,000 before it ends. Beardsley Ruml, an expert on how the Tax Bureau shears its sheep, made a speech. Afternoon and evening, the movie industry entertained all hands.

• **The Windup**—Country club and resort fashions, another established California feature, had their innings on Wednesday. The big switch followed on Thursday and Friday. California Fashion Creators, major trade organization, really went to work to convince the visitors that California's word to the high style of Paris and Rome was: "Move over, bud. Poppa's here."

By Saturday and Sunday, the native sons were down to showing off their complete wardrobe for men and boys. Called the Palm Springs Roundup, it ran from rainbow-hued ranch clothes to dinner jackets—all made in California.

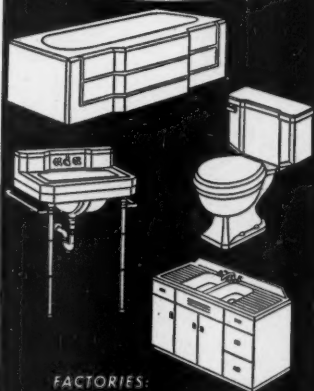
Behind all the ballyhoo, some thorny problems lie in wait for the California Fashion Creators, main organization speaking for about 370 manufacturers. Distribution is especially difficult. The Californians just cannot get their clothes into production and onto the store shelves so fast as their New York rivals.

Woven into that difficulty is the fact that the California market emphasizes quality rather than price. And it goes in for originating, rather than copying.

What's more, there are price problems. Labor costs are higher than in the East, materials have to be brought

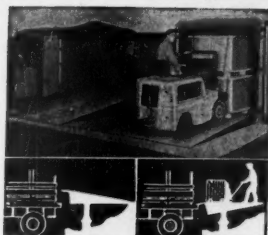
MANUFACTURERS OF
FINE PLUMBING FIXTURES
SINCE 1904

ELJER



FACTORIES:
FORD CITY, PA. • SALEM, OHIO
MARYSVILLE, OHIO

Hydraulic Gangplank Speeds Loading 50%



No excavation required for installation

The Globe Self-Leveling Ramp speeds loading or unloading by 50%, with a corresponding cut in time and labor costs. Ramp raises or lowers until its sturdy "lip" rests firmly on bed or tailgate of truck where it "self-levels" as the truck springs flex. Operates by air, air-oil or motor pump. Easily installed. Quickly pays for itself.

MUSCLE IS THE WORLD'S MOST WASTEFUL LIFTING POWER
A Globe OILIFT will do it better and cheaper. Write for Bulletin BW-316—full of profitable information on Self-Leveling Ramps, Machine Loading Lifts, Industrial Truck Service Lifts, Production Lifts, etc.

GLOBE OILIFTS
GLOBE HOIST COMPANY
1000 E. MERMAID LANE
PHILADELPHIA 18, PA.
(Factories at Des Moines, Iowa and Philadelphia, Pa.)

from farther away. And the companies are generally more heavily capitalized than in the East and carry larger inventories.

These factors all work on each other, all lead directly to the emphasis on quality and the setting of special "California" trends. They also lead directly to some heavy promotion. One sample, this fall:

Fred Cole, of the 25-year-old Cole of California, christened his 1952 line of swim suits "Heavenly Bodies." An interplanetary phantasy was staged in Los Angeles' Griffith Park planetarium for fashion buyers and editors. The guests boarded a mythical rocket ship, landed on an uncharted planet called Cole-formia, where everybody moved about by swimming. Instead of drive-ins, they had swim-ins.

That extravaganza was extreme, but it was in line with the trend of the various members of California Fashion Creators. This outfit is divided into five big groups. These are the Men's Apparel Guild, the Boys' Apparel Guild, Infants Through Teens Guild, Fashion Creators (women's outer wear), and California Contours, the girdle and brassiere people. Of the industry's gross, about 20% comes from men's and boys' wear and 60% from women's outer wear. The remaining 20% comes from guess what.

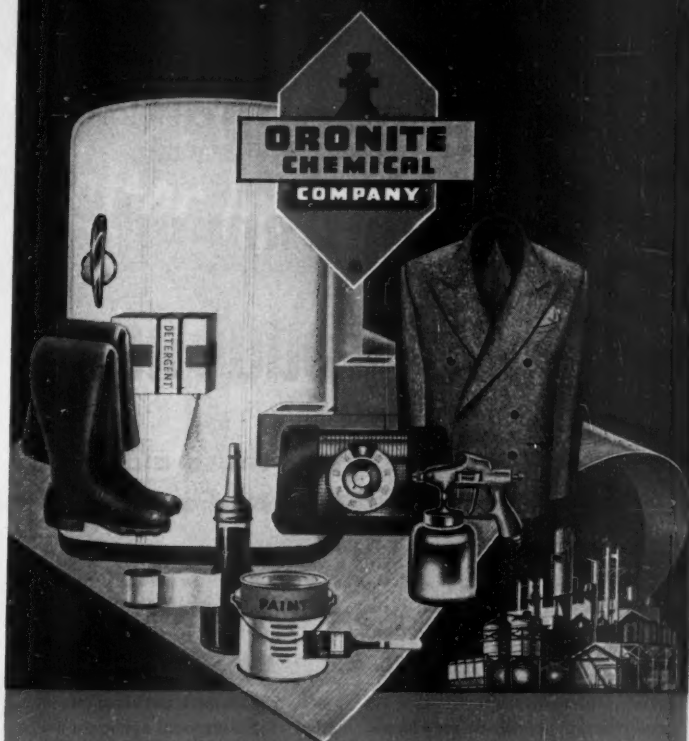


Robot Lunch Vendor

For passengers who don't want to wait for dining car service—and pay dining car prices—Pennsylvania Railroad is giving coin-operated food and drink dispensing machines a trial run on its New York to Washington coaches. If passengers take to the robots PRR may put them on all its coaches. All you do is drop in a few coins and out comes a light lunch. You get a choice of sandwiches, pastries, ice cream, milk and fruit drinks, coffee, and candy.

BUSINESS WEEK • Nov. 10, 1951

The name to watch in chemicals



UNSEEN! ORONITE CHEMICALS MAKE BETTER PRODUCTS POSSIBLE

In your daily life—the suit of clothes you wear, the brilliant, long-lasting finish on your refrigerator, the oil in the family car, the adhesive tape in your medicine cabinet, the detergent for your dishes, the plastic hose for your garden, the fresh clean fruits and vegetables you buy in modern packages, the new improved paints for your home and office—these are some of the products benefiting from chemicals mass-produced by Oronite.

Versatile but unseen Oronite chemicals are silent partners in many, many industries—making products and processes better, more competitive. And many other industries will profit from future Oronite chemicals.

Perhaps one of our present Oronite chemicals would prove profitable to you in improving a product or process. Perhaps we could place a chemical you need in mass production. Why not talk it over with us?

ORONITE CHEMICAL COMPANY

34 SANSOME STREET, SAN FRANCISCO 4, CALIF.
30 ROCKEFELLER PLAZA, NEW YORK 20, N.Y.

STANDARD OIL BLDG., LOS ANGELES 15, CALIF.
600 S. MICHIGAN AVENUE, CHICAGO 5, ILL.

MERCANTILE SECURITIES BLDG., DALLAS, TEXAS

Can any of these free services help you speed defense production?

**New York State offers these aids to
defense manufacturers and suppliers**

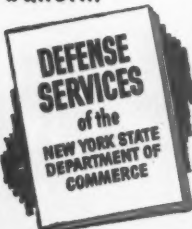
1. Help in Locating Subcontractors. The New York State Department of Commerce, through its "Industrial Preparedness Survey," can supply complete data on plants and equipment suitable for production of specific defense items. A prime contractor can speedily locate the subcontractor he needs.

2. New Plant Site Location. To help you establish new plants or expand current operations, the Department will be glad to recommend appropriate locations available within the State. Information on labor, raw materials, power, water, fuel and transportation will aid your decision. Inspection trips are arranged confidentially.

3. Office in Washington. A New York State office is maintained in the nation's capital to help New York businessmen. This office sets up meetings with the proper personnel; provides information on government agencies; keeps abreast of current regulations and restrictions; aids in preparing applications and other papers needed to carry on business with Federal agencies.

4. Information on Current Federal Purchasing. As part of its service to businessmen, New York State screens notices of Federal procurement opportunities and circulates procurement information to firms within the State.

*Write for
bulletin*



New York State Department of Commerce
Room 102, 112 State St., Albany 7, N. Y.

Please send me a copy of your free bulletin "Defense Services of the New York State Department of Commerce."

Name _____

Position _____

Company _____

Street _____

City _____

State _____

Poor Relations

That's what an Ohio industry group found public relations programs were. It's trying to dramatize their value.

A minister in Youngstown, Ohio, climbed into his pulpit one Sunday and cut loose with a blast at local industry. With his own eyes, he said, he had seen men chained to their machines and forced to work. He called down divine wrath on factory owners who would so degrade their fellow men.

What had happened was this: The minister had visited a factory where he watched a workman operating a heavy metal shearing machine. The man had chain guards around his wrists, to keep his hands from under the shearing knife. The minister had been given no explanation; he assumed the chains held the man to his job.

Youngstown industrialists thought the incident was amusing—until they discovered a lot of people believed the minister's version. Then they got to work to do something about better public relations. With this aim, they founded the Industrial Information Institute, Inc. (BW-Apr. 29 '50, p88). That was in 1947.

• **Progress**—The 4-I today has grown to 119 members in a four-county area of the Mahoning and Shenango River valleys. It has armed its members with all sorts of material for better public and employee relations. But last summer several officers began wondering how much use the member companies were making of the material.

They decided to try to find out. They made up a public relations inventory, with 37 questions, and mailed it to each member. By the annual meeting on Oct. 30, replies had been received from 81 of the 85 industrial members (the rest of the 119 are banks and retailers).

Analysis of the replies showed that a startling number of members completely ignored the phases of public relations considered most essential by the 4-I. These phases include: an organized training program for foremen, a direct line of communication between the employer and the employee and his family, and a means of providing local newspapers and trade magazines with stories about the company. Thirty-one of the 81 replying companies had no public relations departments at all.

• **Pilot Models**—The 4-I decided that the value of public relations work to a company must be dramatized in some way. It lined up three companies that were lacking in public relations programs, got their agreement to carry out



Gaskets by Johnson Plastic Corp., Chagrin Falls, Ohio

HERE's another spot where VINYLITE Plastic outperforms all other older materials—in washing-machine lid seals.

Beaten, battered, constantly exposed to water and detergents, these easily extruded seals of VINYLITE Brand elastomeric materials last a lifetime!

Manufacturers find that their high flexibility simplifies handling, speeds production, saves money. Salespeople make sales points of their color and durability. Housewives welcome their complete freedom from stretching, cracking, swelling, softening. Practically indestructible, they resist detergents, soaps, water, acid and alkali so-

lutions, oils, greases, dirt, mildew, age.

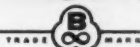
You'll find these materials in the door gaskets of leading refrigerators, in lightweight, quality garden hose, in moisture- and chemical-resistant wire insulation. They're the preferred material of many manufacturers for extruded belts, wetting, intravenous tubing, and molded light plugs, distributor cap nipples, vacuum cleaner bumpers, hair curlers, and other products.

Let them lower your costs, speed assembly, lengthen product life. Write for the free booklet, "VINYLITE Resins and Plastics—Extrusion and Molding Materials." Address Dept. LH-62.

Vinylite

BRAND

PLASTICS

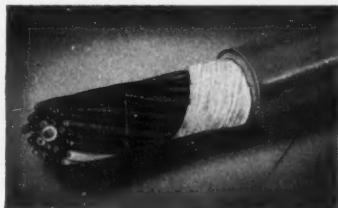


BAKELITE COMPANY

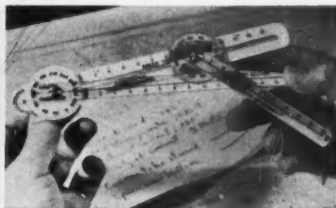
A Division of
Union Carbide and Carbon Corporation



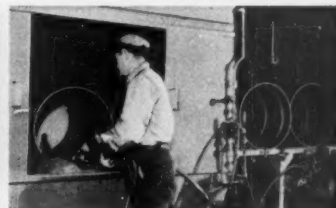
30 East 42nd Street, New York 17, N. Y.



UTMOST COMPACTNESS for circuitry is achieved in this 30-conductor cable for anything from juke boxes to jet planes. It's jacketed and color-code insulated with strong, flexible, lightweight, oil-, water-, chemical-resistant VINYLITE Brand Plastic. By Lenz Electric Mfg. Co., 1751 No. Western Ave., Chicago 47, Ill.



DIMENSIONAL STABILITY despite changes in temperature, humidity, is the feature of VINYLITE Plastic Rigid Sheets from which this water-, oil-, grease-, stain- and flame-resistant "Correctocourse" instrument is made. Gives boat course, speed, other facts. By Allegheny Plastics, Inc., for Frank G. Darlington, Box 98, Sewickley, Pa.



LASTING PROTECTION. Containers lined with coatings based on VINYLITE Brand Resins withstand oils, greases, alkalis, most strong acids, other chemicals, for years of use and re-use. Odorless, tasteless. Resist impacts, dents. Won't chip, peel, or flake. "Gaco" drum lining by Gates Engineering Co., P.O. Box 1711, Wilmington, Del.

How An ELECTRIC CUSHION takes Out the shocks

ANOTHER EXAMPLE OF A

Better Way

DESIGNED BY **P&H**

Another example of a *better way*—designed by P&H. You can see where the shocks come in. You heap the dipper with tons of rock, set it whirling in a giant swing—then you *stop it short!* How can a shovel take this grab of brakes . . . load after load . . . day after day?

The answer: there is no grab. An electric cushion, P&H MAGNETORQUE,* starts and stops the swing with no friction whatever! Electro-magnetic power flows through a gap of air to cushion every shock. Gone is the major source of wear . . . gone the strain on man and machine. Where friction swing clutches moved *four* loads, MAGNETORQUE* moves *five!*

And loads are money, big money in the open pit. Rock, coal, iron and copper ores—whatever it is, its cost comes down—your cost in the products it will make. Again because of a *better way*, designed by P&H.

*T. M. of Harnischfeger Corporation for electro-magnetic type clutch.



P&H

QUALITY
FOUNDED IN 1884
SERVICE

HARNISCHFEGER
CORPORATION

4468 West National Ave. **P&H** Milwaukee 14, Wisconsin

the **P&H** *Line*



POWER SHOVELS



DIESEL ENGINES



TRUCK CRANES





HOMES



ELECTRIC HOISTS



WELDING EQUIPMENT



OVERHEAD CRANES



SOIL STABILIZERS

the incomparable
Burroughs
Sensimatic
 accounting machine

SERIES 200



Providing more of the answers that are
helping America get things done!



Today America has to get big things done—in a hurry. Never before has efficient production been so vital . . . never before have production goals been so ambitious.

More production requires more facts—more on-time information for formulating productive plans . . . for controlling efficient operations.

American business is getting these facts from the sensational new Burroughs Sensimatic with multiple registers.

The Sensimatic meets the accounting requirements of every business. Its exclusive "mechanical brain" guides it with amazingly swift simplicity. It

changes from one job to another instantly—at a turn of the job selector knob.

And, with all its unique advantages, the Sensimatic costs hundreds of dollars less than any other accounting machine which even begins to approach its usefulness.

The versatile Burroughs Sensimatic can help your business get the answers you need, for the production America needs right now.

Call your Burroughs office for a demonstration today—see how you can start getting more things done tomorrow. Burroughs Adding Machine Company, Detroit 32, Michigan.

**Here's the source
 of Sensimatic magic!**

This is the Sensimatic's mechanical brain—the control panel that directs it through any four separate accounting operations in any combination. The operator turns a knob—the Sensimatic is ready for any job! Any number of control panels can be used in a single machine.

WHEREVER THERE'S BUSINESS THERE'S

Burroughs

full recommendations of a 4-I advisory committee.

Questionnaires will soon be given to employees of these companies, their families, and a cross-section of the public. In the questions, the public reputation of each of the three companies will be compared with companies in the same type of business and about the same size. The replies will serve as a control.

In the coming year, the three companies will plug public relations hard, under the spur of the 4-I. Then next fall, another testing of opinion will be made among the public, employees, and employees' relatives. Comparison of the two surveys should measure the value of a full-scale public relations program.

• **On the Program**—The 4-I's public relations advisory committee is outlining projects for the three test companies to undertake.

First is the training program for foremen. This isn't hard to work out. Management of the 4-I has arranged with Republic Steel Corp. and the University of Chicago to make their course in basic economics (BW—Sep. 8'51, p89) available to all 4-I members at nominal cost.

Other projects will be: an employees' magazine or newspaper, letters to employees about matters of special interest, better use of bulletin boards for information about company problems and policies, closer relations with the local press, supplying speakers for school and other groups, and setting up public relations departments.

Officers of the three test companies commented that they hadn't realized there was so much to public relations until they filled out the inventory earlier this fall.

• **Change in Pitch**—Back in 1947 the ears of 4-I members were still ringing from the Youngstown minister's blast. Their main project, therefore, was simple and direct: to open their plants to the public once a year.

The open-house idea has since been modified. Companies found hordes of visitors roaming through the plants on the appointed days, with little or no idea of what it was all about. The guests did see that the workmen weren't chained to their machines, but they learned little else.

In place of the open house, 4-I members now invite selected groups to make guided tours. Well-informed escorts explain processes, describe products and their uses.

The 4-I recently started a series of dramatizations broadcast by four local radio stations, highlighting the growth of industry in the Mahoning and Shenango valleys. It has rounded out a speakers' bureau, with men qualified to talk on almost any industrial subject.



**no worry and fear...
no costly down time here**

Management and workers alike know their plant is safeguarded from fire. No chance of a short circuit, a stray spark, a forgotten cigarette or spontaneous combustion starting a raging fire that could cut into vital production time, endanger the lives of employees or damage hard-to-get equipment, thanks to efficient, quick-acting C-O-TWO Fire Protection Equipment.

You too, can have this same secure feeling . . . this same positive protection from costly fires by installing complete, approved C-O-TWO Fire Protection Equipment. For example, the new C-O-TWO Low Pressure Carbon Dioxide Type Fire Extinguishing Systems keynote flexibility to meet your particular fire protection needs. Flammable liquids, electrical equipment, storage and manufacturing processes can all be made firesafe from a single low pressure carbon dioxide storage tank . . . capacities range from one to

fifty tons of fire-killing carbon dioxide. If fire should strike . . . fast, clean, non-damaging, non-conducting carbon dioxide extinguishes the blaze in seconds . . . no water damage, no after fire mess.

Further, when a C-O-TWO Smoke or Heat Fire Detecting System is used in combination with a C-O-TWO Low Pressure Carbon Dioxide Type Fire Extinguishing System, the first trace of smoke or spark of fire in a protected area immediately sounds an alarm . . . then the fire quenching carbon dioxide is readily released into the threatened area.

So, whatever your fire protection problem, let an expert C-O-TWO Fire Protection Engineer help you in planning complete and up-to-date fire protection facilities now. Write us today . . . tell us about your particular fire hazards. Our experience is at your disposal . . . no obligation of course.



C-O-TWO FIRE EQUIPMENT COMPANY

NEWARK 1 • NEW JERSEY

Sales and Service in the Principal Cities of United States and Canada

Affiliated with Pyrene Manufacturing Company

MANUFACTURERS OF APPROVED FIRE PROTECTION EQUIPMENT

**Squeeze-Grip Carbon Dioxide Type Fire Extinguishers • Dry Chemical Type Fire Extinguishers
Built-In High Pressure and Low Pressure Carbon Dioxide Type Fire Extinguishing Systems
Built-In Smoke and Heat Fire Detecting Systems**

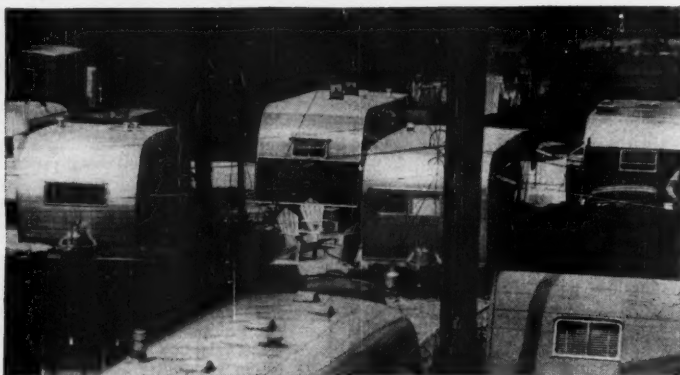
REGIONS



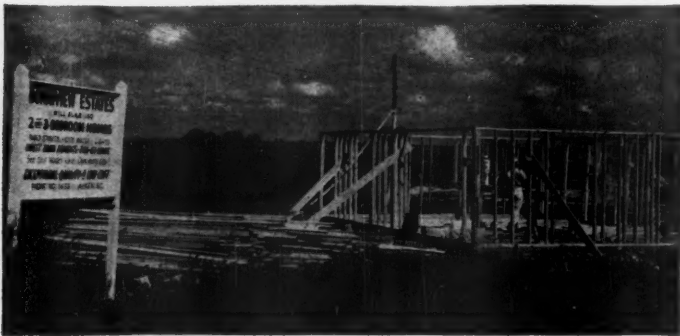
THE \$14-BILLION that AEC is spending to build its new plant is having a tremendous impact on the surrounding area.



TENTS are homes for some of the new construction workers.



TRAILERS line the highways. Roadside land that sold for \$60 an acre last year as farm land now brings \$700 as trailer camp sites.



HOUSES will be built on every available site. Big problems are lack of available mortgage money and of sewage and water facilities.



36,000 WORKERS will be pouring into Aiken-Augusta area as . . .

New Atomic Bomb Plant Hits Augusta With a Bang

Augusta, Ga., hasn't been hit by an atom bomb, only by an atom-bomb plant. But Augustans are sometimes inclined to wonder if there's much difference.

Not so long ago, Augusta was a typically unhurried southern city. A housewife who wanted to shop in town could park in front of one store; then, when she was finished there, drive down the street a couple of blocks to another and find a new parking place. If you decided at the last minute to cat out or go to a movie, you just went to the place of your choice and picked the seat you liked. A native standing at Seventh and Broad at noon could greet almost everyone he saw by his first name.

Not any more. All parking places are filled up, many of them with out-of-state cars. You usually have to wait in line for lunch or dinner at a restaurant. Along Greene St., most of the substantial old houses have "Rooms for Rent" signs hanging out front. The wage rate for common labor has been forced up from 75¢ an hour to 82¢-87¢. But even so, Augusta employers can't keep their workers.

• **The H-Bomb Did It**—The source of all this change is just 20 mi. away, across the Savannah River in South Carolina (map, page 88). The Atomic

Energy Commission is acquiring 315 sq. mi. of land and is spending some \$14-billion to build a new plant, commonly known as the H-bomb plant. Already du Pont, which is building the plant for AEC, has about 20,000 construction workers on the site; the number will reach 36,000 by next June. And all these men, and their families, have to be housed, and fed, and amused.

Augusta is by far the largest city within the orbit of the AEC plant; as a result, national attention has focused mostly on this one community's problems. They are admittedly tough ones. But in many ways, the smaller towns over the river in South Carolina have had it much tougher. They're closer to the plant, so they've had to bear the brunt of the housing shortage—and the resulting school shortage. Being so much smaller than Augusta, they had neither the resources nor the government facilities to cope with the many new headaches.

The bomb plant is not the only reason for the boom, though it's by far the biggest one. The government is pouring many additional millions of dollars into the area. It's building Clark Hill Dam 20 mi. upriver from Augusta; it has reactivated Camp Gordon, on the Georgia side, which will house some



MOSINEE plants fibres for industry

In Mosinee Industrial Forests, seedlings by the thousands are being planted annually to replace the trees used for products of industry, assuring future supply of fibres vital to many products.

Also, on privately-owned acreage, Mosinee supplies the seedlings and know-how to convert otherwise waste land to fibre-producing forests for the future.

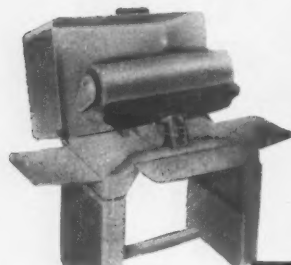
This reforestation is the first step in the process of making Mosinee Fibres that work for industry.

MOSINEE PAPER MILLS CO.
MOSINEE, WISCONSIN



MOSINEE
makes fibres work
for industry

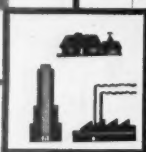
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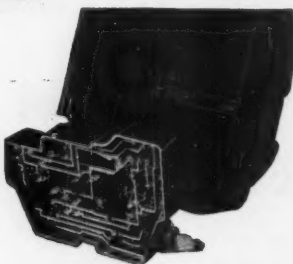
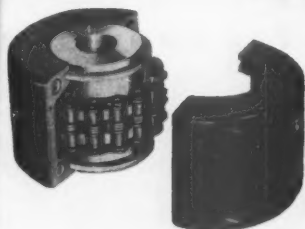


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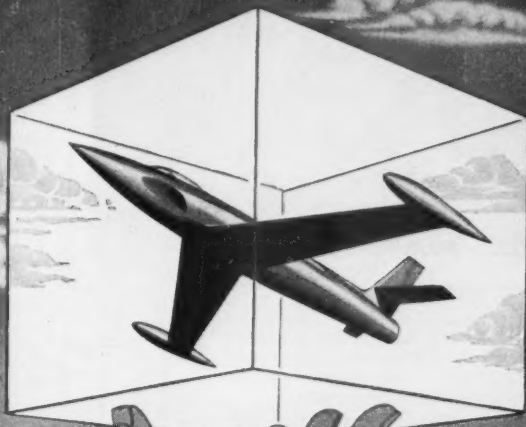


. . . WITH out-of-state cars.

40,000 troops by next summer; it is operating Oliver General Hospital and the Augusta Arsenal, both in the city itself.

• **Where to Live**—By far the biggest problem, as in almost all war-boom areas, is housing. Richmond County, Ga., which includes Augusta, had a census population of 109,000 on Apr. 1, 1950; today it has an estimated 144,000. Aiken and Barnwell Counties, S. C., had a census population of 72,000; today the figure is 97,000. And the growth is continuing unabated. About 1,000 a week are being hired at the AEC plant, almost all of them immigrants. Besides, there is a constant influx of trade and service workers to cater to the wants of the construction personnel.

There just isn't enough housing to take care of them all—not nearly



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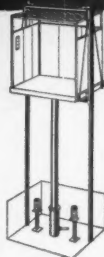
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"... It has meant unheard-of prosperity for the area . . ."

REGIONS starts on page 88

enough. And the shortage is getting worse all the time.

Trailer camps line the highways; some roadside land that sold for about \$60 or \$80 an acre a year ago as farm land has brought as much as \$600 or \$700 an acre this year as sites for trailer camps.

Tourist courts are full of permanent lodgers—at daily rates. Barns, sheds, even in one case a dog kennel, have been converted into dormitories. A few of the migrant workers are living in tents (picture, page 88). Many residents have taken in one or more roomers. Rents skyrocketed—but rent control has just gone into effect in the whole area, with rates rolled back to July, 1950, levels.

• **Augusta Was Lucky**—Housing is one instance of the way Augusta has got off relatively easier than the small communities on the South Carolina side. Being larger, it already had zoning regulations; they had none. In addition, it had the municipal machinery and experience to amend those regulations quickly as it became necessary; they didn't.

From the very beginning, Augusta determined to avoid at all costs the shantytown type of mushroom growth. As a result, the city authorities simply refuse to grant building permits for shacks, barracks, or temporary buildings. Similarly, shoddy businesses that profiteer at the expense of the newcomers to the area have been avoided through the general power to license businesses, control the water supply, and administer health regulations.

Few of these powers exist in Aiken and Barnwell Counties. Neither had any zoning or planning authority before AEC moved in, and in South Carolina a county needs specific enabling legislation to set up such an authority. The state legislature passed such a law last March, and Barnwell has now set up a zoning and planning board. Aiken County, so far, has done nothing.

• **Bottlenecks**—New housing is being built, but it's just a patch on what's needed. Relaxation of controls on mortgage credit last spring helped very little. There were two main obstacles:

One is the same as has been encountered in critical areas all over the country—lack of mortgage money. Banks and insurance companies have stopped buying mortgages.

The other obstacle is the lack of water and sewage facilities. Houses cost enough to build today on improved land; their prices would go clear out of



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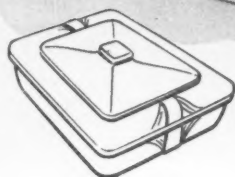
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AEC HIRING HALL does roaring business.

reach if the builder had to lay his own water and sewer lines, too.

Knox Corp., a local builder and pre-fab manufacturer, owns 350 acres in North Augusta, S. C. Its plans for a 1,200-home subdivision complete with its own shopping center are all drawn up. But there are no water or sewer lines into the property, and Knox can't afford the additional \$1-million it would cost to install them. So, reluctantly, it's just sitting tight and waiting.

The new Defense Housing Act (BW-Oct.20'51,p100) may eventually help to solve both these problems. Under it, the Federal National Mortgage Assn. (Fannie May) gets \$125-million to buy up mortgages in critical housing areas, and the federal government is authorized to help finance various community facilities, including water and sewage.

• **Schools**—Schools are fearfully overcrowded throughout the area. Average daily attendance in August in 1941 was 12,100. By 1949 it had risen to 14,300. Today it's 18,000. Fortunately, the city had planned a \$4-million expansion before the bomb plant was announced. The school board had expected to use some of the money for playgrounds, gymnasiums, and similar facilities; almost all of it will now be spent on new classroom space.

In Aiken County, the average daily attendance just a year ago was 8,368. The school board expects a temporary increase of 6,000 by September, 1953; a permanent increase of 3,000 for the long term. But the solution to the overcrowding seems to be at hand. The Community Facilities Branch of the Housing & Home Finance Agency is erecting seven prefabricated metal buildings adjacent to present schools; they will provide 100 new classrooms to meet the temporary peak. And the county



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Automatic driving is out of this whirl

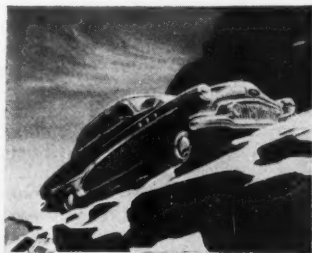
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The automatic drive is a typical example. More than 25 years ago General Motors began to seek a new, simpler, smoother way of transmitting power from engine to wheels.

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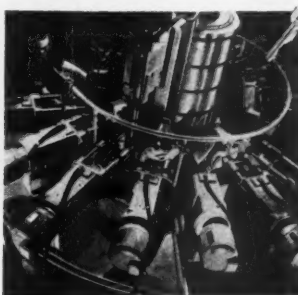
by many brutal tests to find the most practical. Finally GM production units worked out ways to manufacture them at low cost, to give you the automatic drives available on all GM cars—Powerglide, Dynaflo, and Hydra-Matic—plus heavy torque-converter drives for buses, military vehicles, and construction machinery.

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"... A dog kennel became a dormitory ..."

REGIONS starts on page 88

expects to get federal aid to build new permanent buildings. (Augusta also had the opportunity to get similar temporary buildings, but felt that its own permanent building program was adequate.)

• **Health**—Health facilities are strained. There is no hospital shortage yet, though AEC expects one. Augusta reports severe shortages of nurses and dentists, a developing shortage of doctors.

In Aiken County, the Board of Health itself is seriously short of personnel. All South Carolina residents must be vaccinated; many immigrants haven't been, and that puts a big load on the department. Sanitary facilities must be checked at all new homes, and regular checks must be made on water supply and septic tanks at trailer camps and tourist courts; there aren't enough inspectors to keep up with the load.

• **Short Arm of the Law**—The police load is higher throughout the area, and city and county police forces, despite increases in personnel, are woefully undermanned. Traffic is far and away heavier than it ever has been; the traffic-light system in Augusta is completely inadequate. Crime has increased—particularly traffic violations and drunkenness. Prostitution and venereal disease are also rising, although not badly. Augusta has managed to keep the VD rate well under control. Women picked up for prostitution, or soliciting, are paroled by the court if they agree to get a VD checkup at the Board of Health. If they are found to need treatment, the parole is extended for the necessary period; it can be revoked any time they fail to appear.

• **Compensations**—The AEC project has meant unheard-of prosperity for the area. Augusta is ahead of every other city in the Atlanta Federal Reserve District in department store sales and in bank debits. Newspaper circulation has gone up 20% in a year, and newsprint use rose 30% because of larger papers, due to more advertising. Airline passenger traffic has doubled.

Augustans are grateful for the prosperity, of course. But they're worried about what will happen when the AEC plant is completed, and the payroll drops abruptly from 36,000 to 6,000. And they're not at all sure that the prosperity was worth what it cost in terms of the changes it has made in their way of life. One Augusta woman summed up the feeling neatly:

"Augusta used to be such a nice little town. But's it's not much fun to live here any more."

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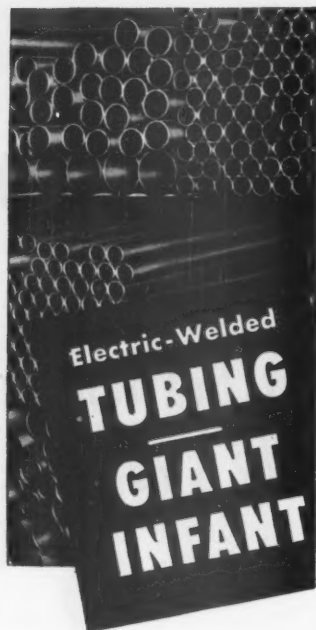
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TAXES

Two ways to defer taxes on income from a sale

	1 INSTALMENT SALE	2 DEFERRED- PAYMENT SALE
Down Payment	Some must be paid	None required
Payments in First Year	Cannot exceed 30% of selling price.	Not limited
Later Payments	Fixed in the contract	Not fixed; contingent on earnings, or tim- ber cut, or percent- age of gross sales, or age of gross sales or something else similarly indefinite
TAX IS DUE	On portion of pay- ments each year	Only when total pay- ments exceed cost basis

Income Haste Makes Tax Waste

A businessman may be treading on dangerous tax ground when he sells an asset and particularly when he sells his entire business. If the sale produces a large capital gain in one lump, it may push his income into a much higher tax bracket for that year.

True, the proceeds of the sale will get the special treatment accorded capital gains (which means the tax rate will be 25% or less). But it often will be possible to hold the tax down even more by spreading the payments out. You do that by taking only part payment in the year of sale and taking the rest in succeeding years.

There's another good reason for watching the tax angles on any sale of an important asset. You may have it all worked out to spread your income over a period of years, but if you don't follow the letter of the tax law, your tax may be due in one lump anyhow.

• **Two Devices**—You can spread your tax on such sales in either of two ways: (1) an instalment sale; (2) a deferred-

payment sale. They differ in ground rules (table) and in tax-saving features.

Instalment sale requires some down payment; specified payments in later years are enforced by a note, mortgage, or similar obligation. You are selling the asset for so much money, to be paid to you at so much per year. The contract for future payments has a fair market value that can be determined accurately at the time of sale.

In the deferred-payment type of sale, it is not possible to determine the market value at the time of sale. You may sell an asset with any down payment or none; future payments will be made usually on a percentage of gross sales, profits, royalties, or the like.

Under the instalment sale you pay tax on the portion of payments made each year. Under the deferred-payment plan you don't start paying capital gains tax until the gain is assured, until the total payments by the buyer surpass your basic cost.

The idea behind the policy on de-

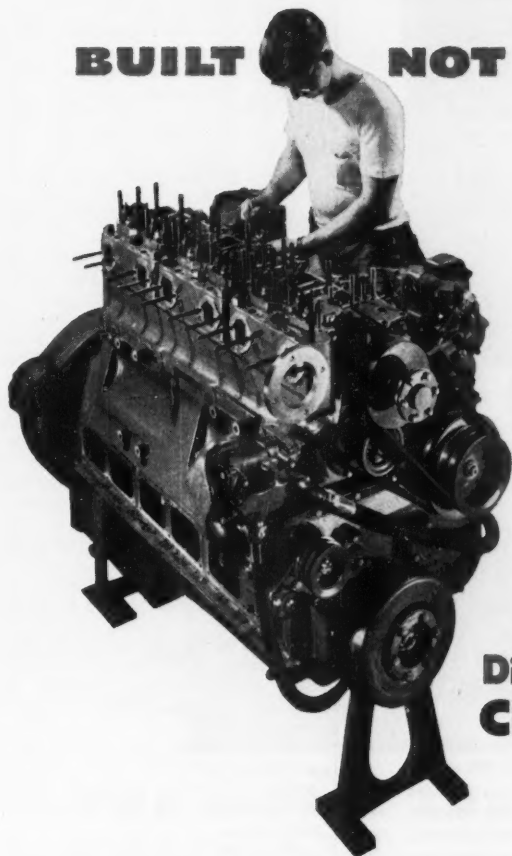
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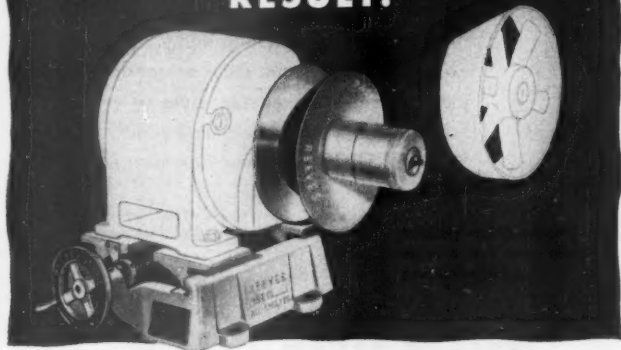
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" . . . Instalment sale has some advantages — but it has some disadvantages, too . . . "

TAXES starts on page 98

ferred-payment sales is this: Payments are contingent on future events that may or may not come to pass, such as future earnings of the buyer. So the seller's ability to collect his full price is speculative; it's impossible at the time of sale to put a true value on the future payments.

I. Instalment Sales

The instalment method serves, of course, to siphon off present income and spread it over future years. It has other advantages, too:

- The taxpayer may expect his income to be lower in years to come, so that the postponed income will be taxed in lower brackets.

- The taxpayer may believe that a period of declining tax rates is in the cards.

- A growing business may be trying to build up working capital. It helps to have some of the tax deferred to later years.

- **Caution**—You have to watch out, though, that the instalment method doesn't push you into the very difficulties you are trying to avoid. For example, the deferred payments may bunch up in later years and shove you then into a higher tax bracket. Or you may have to report the postponed income at a time when your business happens to be declining. In such a case, you might have to pay the tax out of small business income or even in years when you had an operating loss.

Of course, you don't have to use the instalment basis at all; you can, if you want to, report the entire gain in the year of sale even if you are to be paid in instalments.

- **How You Pay**—If you use the instalment basis, you pay tax on a fixed portion of each year's payments. For example, you may sell an asset for \$10,000, to be paid in five yearly instalments of \$2,000 each. Gross profit on the sale is \$1,000 (10% of the sale price). The seller reports as income 10% of the \$2,000 instalment received each year.

- **Requisites**—A retailer who customarily sells on the instalment plan can always report his income that way. But others can defer income for tax purposes by means of an instalment sale only by filling two conditions:

(1) There must be a down payment,

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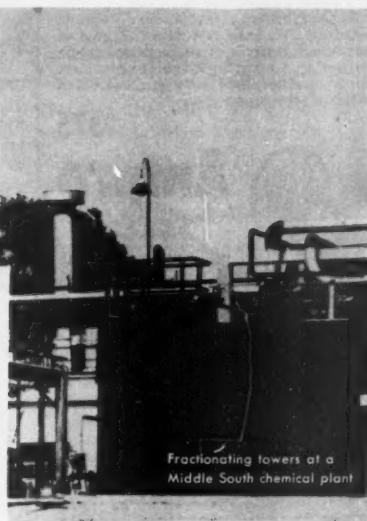
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**"... a \$10 down payment on
a \$250,000 instalment sale
counted as an adequate
down payment . . ."**

TAXES starts on page 98

but it cannot exceed 30% of the sale price.

(2) The total selling price must be \$1,000 or more—except for real estate sales, which have no minimum.

There's one catch in the down payment provision. Any receipts in cash or property during the year of the sale are considered part of the down payment. If the sale contract prescribes both a down payment and a first instalment in the same year, and the two add up to more than 30% of the sale price, the instalment method cannot be used for tax purposes.

Sometimes the buyer assumes a mortgage, or he takes the property subject to an existing mortgage. The mortgage is always included as part of the total selling price. But it isn't considered part of the down payment unless it exceeds the seller's cost or basis—the base figure he uses in figuring the size of the capital gain he makes on the deal. If it does exceed the seller's basic cost, the excess is treated as part of the initial payment.

• **Down Payment**—Some type of down payment must be made on the sale. But this may not mean a payment direct to the seller.

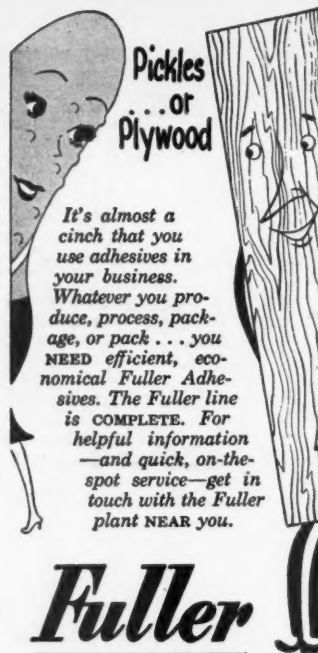
Wagegro Corp. on June 30 contracted to sell 292,500 shares of common stock of Yosemite Holding Corp. for \$850,000. Payments were to be made in 10 yearly instalments, commencing on July 1 of the following year. On these facts it looked as if no down payment was made.

However, in the preliminary agreement the buyer contracted to pay \$750 in attorneys' fees. Although the fees were directly paid by Wagegro, the tax court held that to be tantamount to payment by the buyer. The buyer was paying through Wagegro, not for services rendered to him by the law firm, but for services the seller was obligated to pay.

In another tax court case, a down payment of only \$10 on a \$250,000 instalment sale qualified the sale for postponement of tax.

II. Deferred Payment Sales

A deferred-payment sale may or may not call for a down payment. Future payments are contingent on the buyer's future earnings or some similar factor. The seller doesn't start paying capital gains tax until the payments to him



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total more than his cost basis. The important earmark of a deferred-payment sale is the fact that the fair market value of future payments can't be figured at the time of sale.

Courts have held there was no way to determine fair market value in sales involving:

- Non-negotiable promissory notes.
- Payments to be made out of future earnings of a business.
- Payments on sale of patents, or patented machinery to be made out of future royalties.
- Payments to be made out of future production of a natural resource (this doesn't apply to direct sales of the mineral interest).

• Annuities payable by an individual purchaser (but not annuities guaranteed by an insurance company or a charitable institution).

• **No Security**—As recently as Sept. 27, a tax court decided in the case of Nina J. Ennis that a sale qualifies as deferred-payment, rather than instalment payment, if there's only a bare contract obligation of the purchaser to pay instalments in the future, not secured by any negotiable evidence of indebtedness.

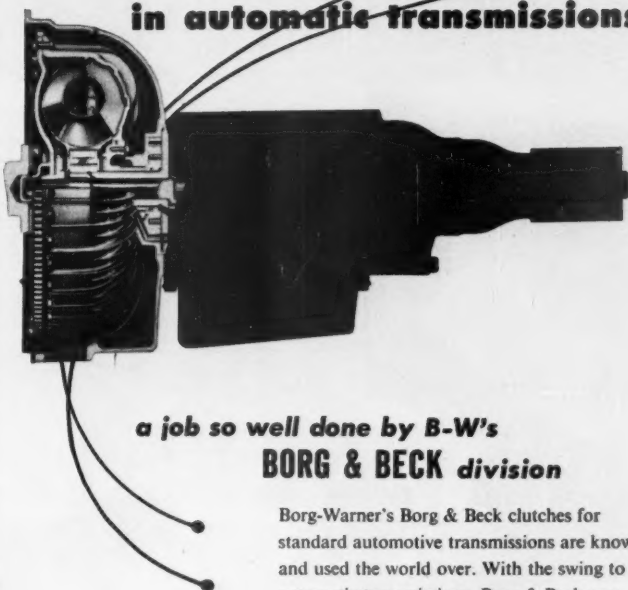
In the Ennis case, a down payment was made, and instalments were paid as specified at a certain amount per month. But the court said the contract to continue payments was not the equivalent of cash, was not like a note or other negotiable paper. It ruled Mrs. Ennis had no capital gain until the payments exceeded her cost basis.

• **Contingent Sales**—In the sale of a business on a deferred-payment plan, the courts have consistently held that the promise to pay a share of future profits cannot be valued. And such payments, when they are made, are subject to the capital gains tax, not ordinary income tax. The courts reason that this sharing of the profits is part of the original sale of the business.

In addition to postponing tax, a contingent sale of an asset offers a hedge against inflation. If the selling price is in dollars to be paid in the future, the seller has no safeguard against shrinkage in the value of the dollars he will collect; but the seller does have this protection if the income is fixed in terms of percentages.

A recent example of contingent sale was the selling of the Toni Co. to Gillette. The sellers got a down payment covering the value of assets plus a goodwill factor. They manage the business on a profit-sharing basis. Gillette receives all earnings until it recovers the amount by which its down payment exceeded the value of assets it took over. Seller and buyer then split future earnings up to a set amount. At that point the sale is completed, and the seller's interest ceases.

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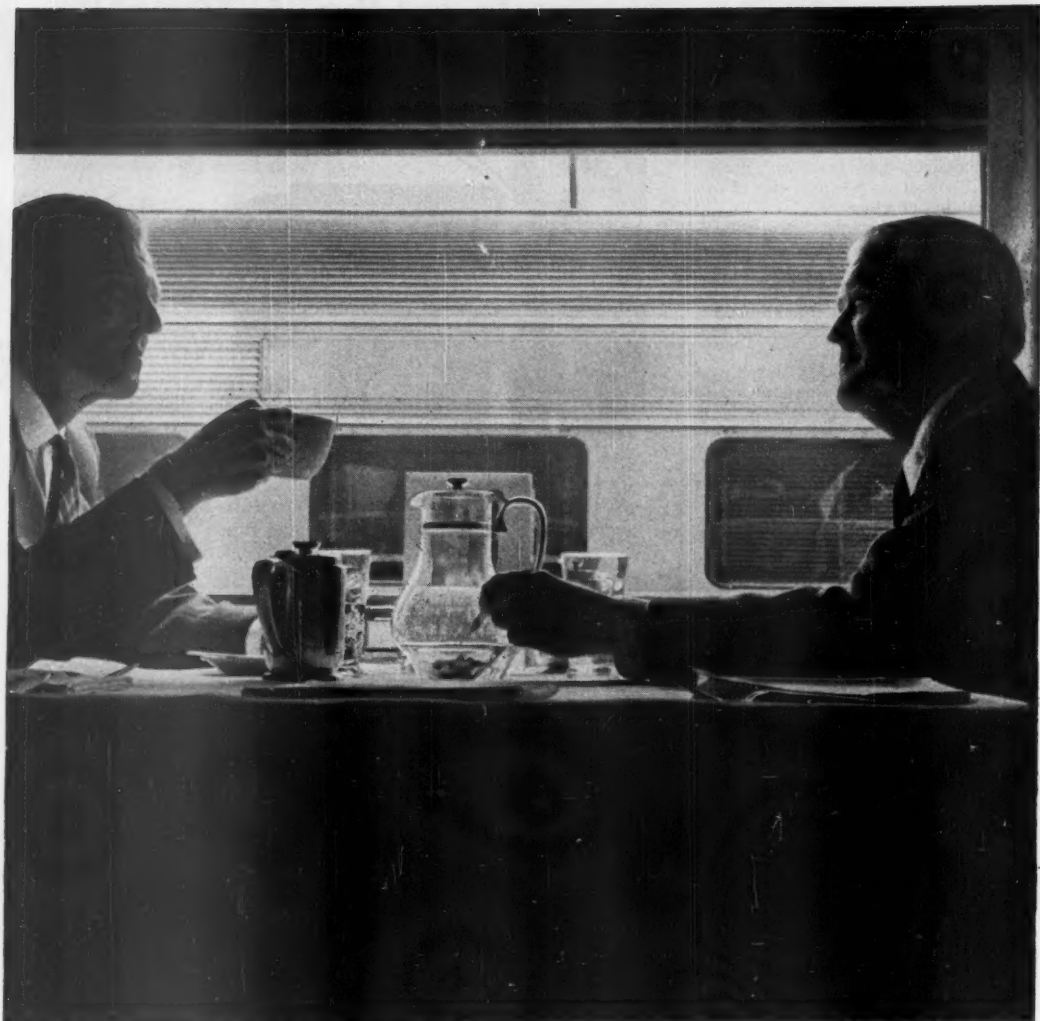
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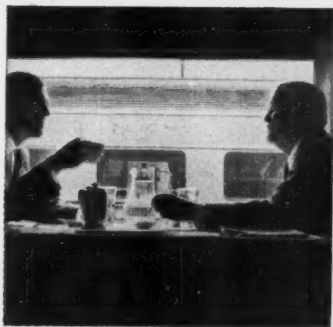
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financing plant expansion, new investments, etc., these utilities experts are at your disposal at all times, offering their experience and knowledge to help solve many other technical problems you might have... problems only a specialist can answer.

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BUSINESS WEEK • Nov. 10, 1951

Change the Law

How a small Fargo (N. D.) machinery company got Congress to pull it out of a tax hole.

Early in 1951 a small machinery company in Fargo, N. D., stood to lose between a quarter- and a half-million dollars because of a complicated and highly technical tax angle. Company officials felt that the Excess Profits Tax Law of 1950 had created an inequity. They could see just one solution: Have Congress change the law.

At first the company was not at all sure it wasn't walking in where angels fear to tread. How could a small company presume to convince Congress that it had created a hardship and that it should do something to remedy the situation? Since there didn't seem to be any alternative solution, though, the company decided the time and expense it would take were justified.

• **How Come?**—How does a company get itself in such a predicament? It all started out very simply. Back in 1949 Smith, Inc., bought a well-established distributing business. It had an earnings history aggregating \$750,000 before taxes from 1944 through 1948. Smith raised the purchase price of about \$500,000 mainly through sale of stock and company debentures and formed a new wholly owned subsidiary corporation.

Because the company was small, the maximum terms it could get on its debenture were 10 annual payments with an acceleration clause scaled to its earnings. Its preferred stock, to be marketable, also had a sinking fund provision tacked on, calling for retirement in annual instalments over 15 years.

But late in 1950 Congress passed the excess profits tax in a form that denied the new corporation the substantial earnings history of assets of the company Smith bought. So instead of having an earning base before excess profits tax of about \$175,000, the new corporation wound up with a base of less than \$50,000. That meant that the company's earning and paying ability after taxes was materially changed. And there was no way to change the financing terms.

• **A Precedent**—This was not the first time a company had had to hurdle this kind of obstacle, vice-president R. H. Barry recalled. Back in 1944 a new corporation was formed to take over the assets and personnel of a long-established laundry business. The previous owners were entitled to an unemployment insurance rate of about 1% of their payroll. But a state statute



V-P BARRY, walking in where angels fear to tread.

did not allow the new owners the history credit built up by the previous owners. The new owners got the state legislature to pass an amendment to the Unemployment Compensation Law that corrected the inequity.

This precedent bolstered Smith's board of directors, even though their problem was much more complicated. The company decided to take its problem right up to Congress.

• **Step-by-Step**—This is how they went about it. First Smith's attorneys and tax consultants got together all the tax and legal facts. With these data in hand, they knocked on the door of a U.S. senator who had been on the state legislature when the somewhat similar laundry case occurred. The senator agreed that the company had a case and arranged more conferences with members of the House, the Senate, and the Treasury Department.

Nobody opposed the company's plea of inequity. But correcting the inequity created many new problems. An amendment, they felt, held too much danger of opening up tax loopholes. So the final solution took the form of an addition, rather than an amendment, to the existing law.

After the wording of the proposed addition was reduced to proper legislative form, it was introduced as a bill in the House. But it could take many months to get a hearing before the Ways & Means Committee. So, to get an earlier hearing, a bill in the form of an amendment to the Revenue Act of 1951, which had already passed the House, was introduced into the Senate.

Both the Senate and the Senate Conference Committee passed on the amendment. The House concurred shortly after that, and the change is now law.

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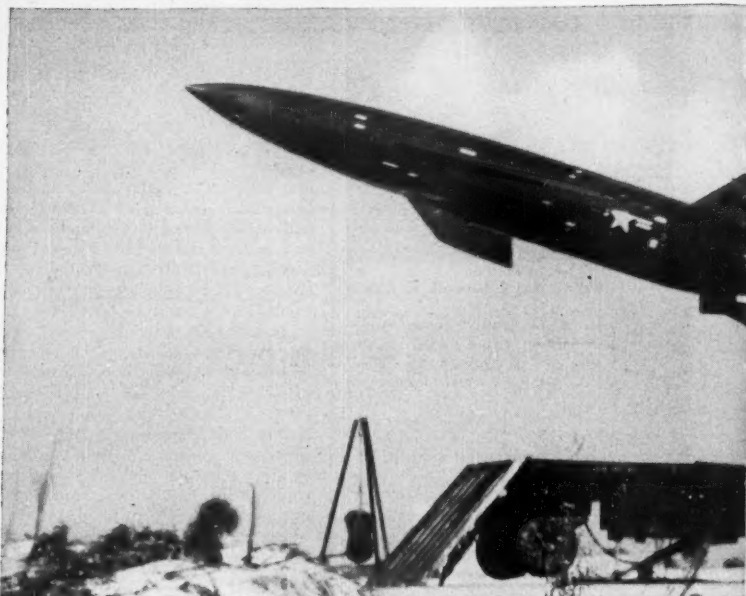
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MUNITIONS



A MATADOR whooshes off its platform. It's one of the supersonic pilotless bombers now

Guided Missile Production

One year ago this month, Chrysler's K. T. Keller left Detroit to head the Office of Guided Missiles and straighten out the government's lagging guided missile program.

At the time, guided missiles were bogged down in a profusion of developmental schemes, almost none of which seemed to be related to production. There was almost no coordination of information between the military services. Experts figured that 40% of the \$100-million appropriations was going to waste in duplication of research alone.

• **Work Begins**—Keller hit Washington like a Kansas wind storm. His first job was to make a study of the whole missile picture, throwing out the unfeasible, combining other projects and getting some interchange of information going between the Army, Navy, and Air Force.

As his deputy, Keller picked the former engineering officer of the Manhattan project, Major General Kenneth D. Nichols, USA. Between them, they got the program under way—Keller doing the ramrodding and Nichols handling administration.

Predictions then were that the guided missile program would jump rapidly to more than \$200-million a year. Within

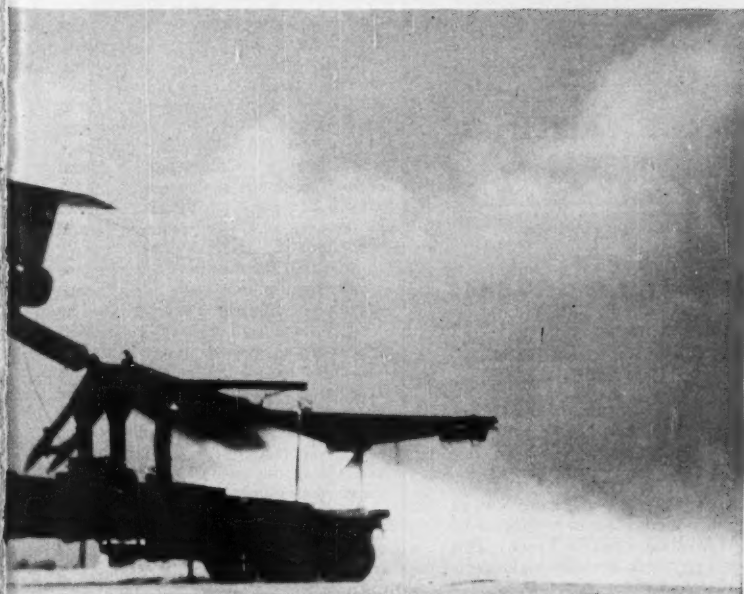
a year, three missiles then under final test would be in actual production.

But the Pentagon experts underestimated Keller. The guided missile program (figuring listed appropriations as well as hidden research and developmental funds) now tops an estimated \$3-billion. And, though the figure is kept under wraps, there are probably more than a dozen missile types in production right now.

• **What's Ahead**—The guided missile program is just beginning to roll. We won't get volume production and deliveries for another year yet. But the services are already training and organizing special guided-missile groups to handle the new weapons.

Next year's military budget estimates, now before the President, call for an estimated \$2-billion more for guided missile development and related procurement.

Rapid progress since the war has brought up the possibility of push-button warfare. If progress continues as rapidly, then military objectives will have to be revised. In that case the Air Force would have prior claims to guided missile warfare on the grounds that they are fundamentally pilotless bombers. But both the Navy and Army, too, have strong arguments in



being made for the Air Force, weighs 12,000 lb. and carries high explosives in its nose.

Takes Off With a Roar

their favor, since they've fostered guided missile development all along.

• **What's Been Done**—Exactly how far we have progressed in guided missiles is one of the country's most guarded secrets. Eighteen months ago, when the last official estimates were released the consensus was that U.S. rocket-powered missiles could carry a 40% greater payload and fly 20% farther than the German V-2 rocket. And the newer jet-powered missiles are beyond comparison to World War II types.

So far, most of the guided missile prime contracts have gone to aircraft companies that were wartime plane producers. Reason is that, in nearly all types of missiles, production techniques and problems are similar to those encountered in aircraft. And, too, the aircraft industry was the only one equipped to handle the engineering techniques.

Once details have been worked out, missiles can be produced on assembly lines much the same as fighter planes. Result is that your principal plane producers become the missile producers.

We have several missiles in every category at some stage of development, either initial testing or production.

• **Turning Them Out**—Right now, practically all the big aircraft companies

have production contracts for guided missiles:

• Martin Aircraft is producing the much-publicized Matador at present for the Air Force—and will later for Navy. The Matador is simply a small jet plane without pilot, weighing about 12,000 lbs., capable of supersonic speeds and carrying a sizable war head. But the Matador is only one in a family of missiles that are being produced by Martin.

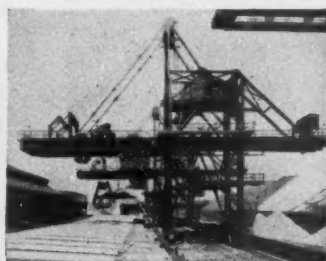
• Bell Aircraft is producing a free-falling bomb with a guidance system for the Air Force. Called Tarzon, the bomb weighs about 13,000 lb. and can be steered in its descent. Bell has other guided missiles in various stages of development.

• Douglas is building the Wac series of rockets for the Army—the Wac, Wac Corporal, and Corporal E.

• Boeing's Gapa missile, an anti-aircraft weapon, built for the Air Force, is a 500-lb. job that carries a war head weighing more than 300 lb. and is capable of speeds up to 2,000 mph. So far as it is known, this is the only ram-jet-propelled weapon beyond the purely experimental stage.

• Fairchild is already in production for the Air Force on a fixed cost basis for an undisclosed number of the so-

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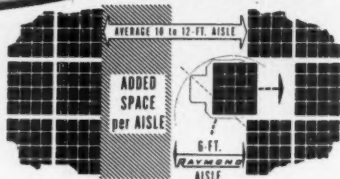
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called Larks. Lockheed and North American also have development contracts.

Westinghouse, General Electric, and Curtiss Wright, among others, are also in both jet and pure rocket engine fields.

• **Costly Weapons**—While performance of missiles is labeled "fantastic," the experts point out that the cost is also. Take a city the size of Washington, for example: One Pentagon engineer figured that to defend the capital against an air attack by use of an AA missile like Boeing's Capa, a store of hundreds would be required—would cost about \$250-million alone.

And, too, there is no single guidance system for all missiles; the type depends on the job required. For example: The V-2 German rocket used a nonelectronic, preset system. Its velocity and trajectory are set before the missile is launched. Once in flight, it cannot be changed.

Then there's the command guidance system. In this one, a ground station tracks both the missile and target (usually a plane) and directs the missile to meet that target.

A third system is the beam rider. It's similar to the command system, but differs in that the missile follows a single beam set up by radar from the ground station. This is the guidance system that will be used principally for long-range work.

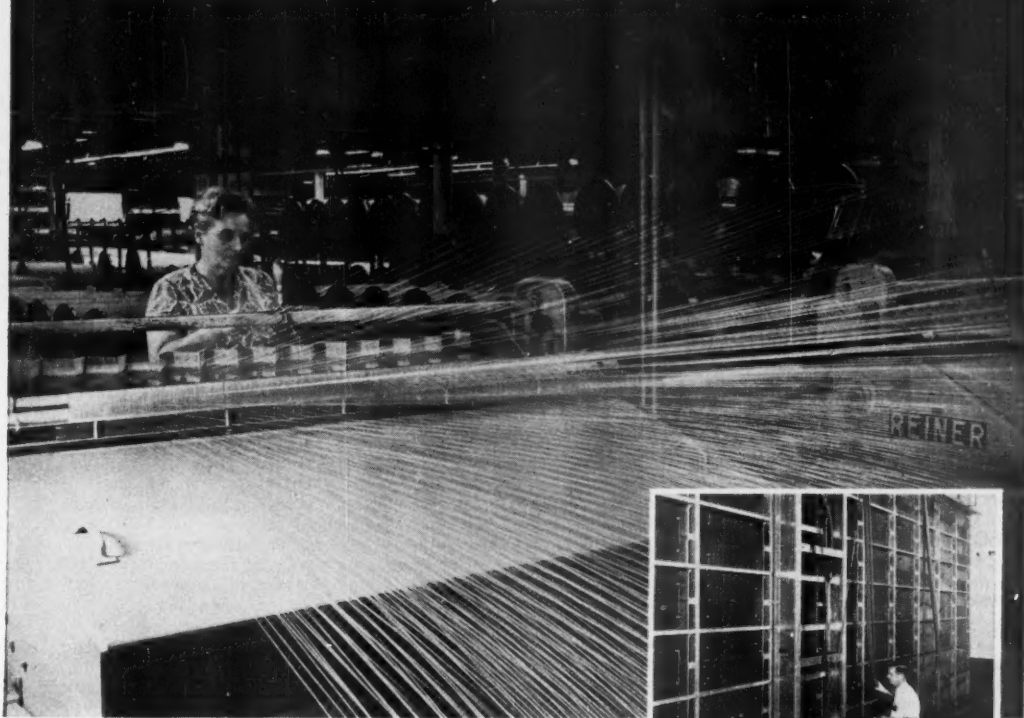
The fourth type is the homing guidance system. In this, the missile sends out a signal to the target and adjusts according to the signal that bounces back. It's more complicated because the missile has to recognize the target and go after it like a homing torpedo.

Guidance systems, once the size of an office desk, have been reduced to portable radio size. That makes for a greater payload in the missile and less complicated mechanism. However, the price of the missile hasn't dropped correspondingly.

• **Drawbacks**—The biggest trouble with missiles at first was the fact that field use required handling by experts—usually missile scientists. In case of misfire, extremely complicated circuits had to be traced. Now, however, the electronics have been reduced to replaceable components that can be tested with simple mechanisms.

But guidance systems, particularly for long-range missiles, still need considerable improvement. The transcontinental missile is a reality right now, but the methods of controlling it have yet to be perfected. Once the long-range missile is fired and gets over the earth's hump, control becomes next to impossible. So until a method of bending radio waves to conform to the surface has been developed, hitting a specific target a thousand miles away is far from a reality.

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*Plant at Greenville, S. C.; N. Y. Sales Agents: Deering Milliken Co.

SMOKE SPUN INTO YARN?

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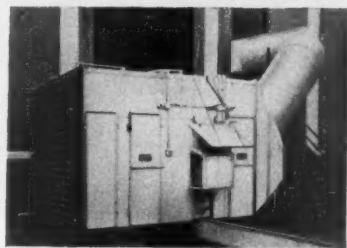
since added over 1,000,000 cfm capacity. Now, the bulk of their production is in light shades. And the textile field is only one of many industries that have discovered hard cash economy in controlling air-borne contaminants with Westinghouse PRECIPITRON. It's worth looking into.

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Newest Semi-automatic Wash PRECIPITRON at Judson Mills flushes off dirt, is ready for next cycle.



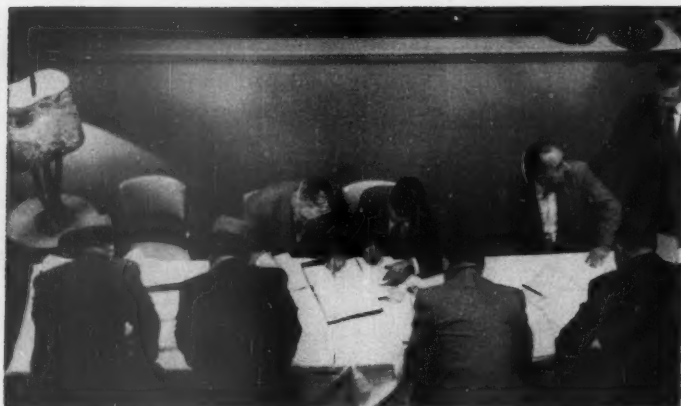
In commercial buildings, too, PRECIPITRON provides super-clean air and new housekeeping economy.



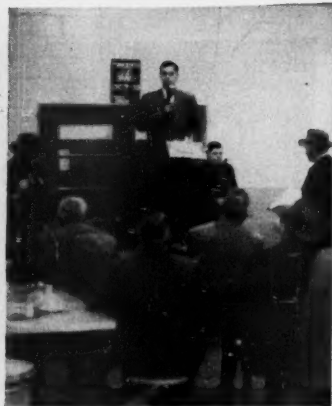
In factories of all types, PRECIPITRON stops dirt and grime before they cause damage or expense.

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PREVIEW. In lobby of Atlantan hotel, contractors study catalog of Air Force tools being released. For those seeking critical items: much disappointment.



BRIEFING. Tool hunters learn rules, before being turned loose.

Air Force's Machine Tool Grab Bag

Last week the Air Force threw open the doors of its \$80-million machine tool reserve depots at Marietta, Ga., and Omaha, Neb., to Army, Navy, and AEC contractors who want to borrow the equipment for defense production. It was a sight-selection deal. Contractors came, looked over the tools, and almost took their selections with them.

• **Limitations**—Contractors who expected to find the most critical machine tools waiting for them were in for a disappointment. Air Force contractors had already picked over the tools. What they left were mostly single-purpose tools and welding equipment.

At the government Aircraft Plant 6 in Marietta, now occupied by Lockheed Aircraft, 325 men representing 129 defense contractors and subcontractors got the chance to look over about 3,800 tools. Many of the tools were in good condition, many were not.

Some disgruntled contractors called the show a waste of time and money. On arrival, they were handed a list of 26 tool types that were unavailable—mostly general-purpose grinders and lathes. These were the ones they wanted. Yet some who griped the loudest stayed to pick two or three tools that they "probably could use."

• **Procedure**—The show was planned to give contractors two days to study some 16 acres of tools. When they found one they liked, it was tagged "selected." At the end of the second day, a priorities board of Navy or Army procurement officials reviewed the selections. Their only job was to act as Solomon if two or more contractors picked the same tool.

For a while it looked as if the whole program would fall flat. The Air Force wanted the tools cleared and urged the company representatives to take all they

wanted. Then Army and Navy officials at the scene ran into snags. They suddenly felt they lacked authority to O.K. selections.

Biggest reason for the indecision was probably the influence of Ed Hunt, machine tool consultant for Defense Production Administration. Hunt had made the trip to "observe." But at an early meeting of the priorities teams, he indicated that DPA and its joint central inventory group would not approve giving tools to some of the contractors. The reason: Many of the contractors were in the third and fourth tier of subcontracting.

• **Low Brass**—The priorities teams weren't top brass by a long shot. Hence, they felt they might be climbing out on a shaky limb if they O.K.'d some selections.

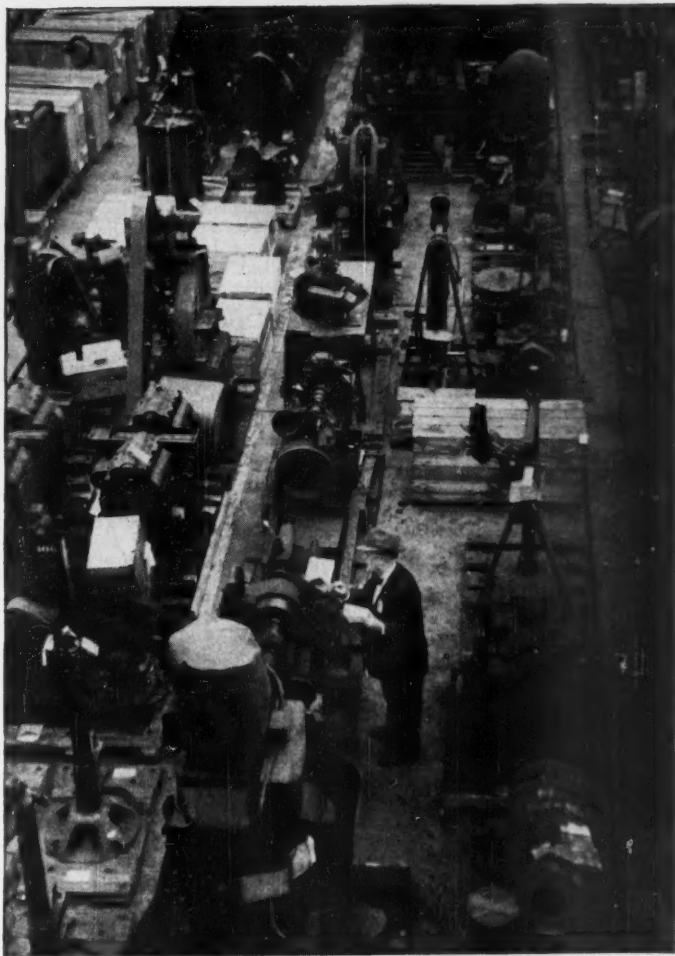
Either their authority was confirmed by telephone from Washington, or



PRETTY GOOD! Contractors examine tool in shed of the Marietta (Ga.) pool. A lot of other equipment was piled outside the shed.



HMMMM! Contractors had to judge condition of the tools and suitability for themselves. None of the tools carried a guarantee.



TAKING STOCK. Contractor wanders along the line of tools. When he finds one he wants, he hangs a tag on it.



SIGNING UP. Last step is for the contractor to fill in papers for the tools that he wants. Then off to Omaha, where the Air Force is releasing another pool of reserve tools.

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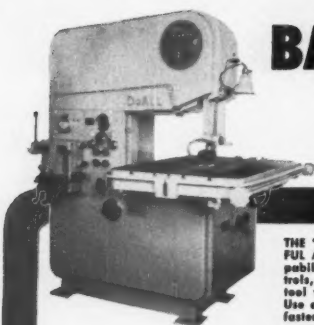


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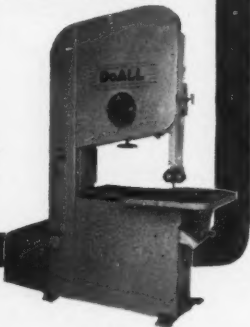
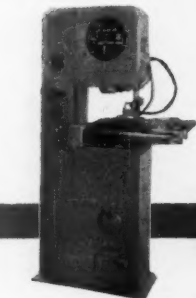
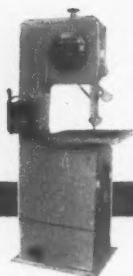
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DoALL



"... spirit of the Oklahoma land rush prevailed among the contractors ..."

MACHINE TOOLS begins on p. 110.

they took courage in the fact that the man having custody for the \$80-million in tools was only an Air Force captain. In any case, by the end of the second day, about 500 tools were tagged for shipment.

A spirit of the Oklahoma land rush prevailed among the contractors. The schedule called for them to fly out of Marietta (a suburb of Atlanta) on the third day.

But after a mass meeting on the first night, the contractors pressured Air Force representatives into scheduling planes for the second day. The idea was that they had seen what was available in Marietta; "Now let's take a look at Omaha."

• **Some Bugs—**Contractors also had plenty of complaints about the way the show was managed. They said that the Air Force should have given them lists of unavailable tools before they left home.

The Air Force countered that the invitation pointed out that a catalog, admittedly incomplete, was available for the asking from the production equipment joint central inventory in Washington.

Another trouble was that representatives of the other services dragged their feet from the start. Both the Army and Navy have similar reserve pools of tools, but have no intention of throwing them open on a first-come-first-served basis. Conceivably, the Air Force's policy could set a precedent that political pressure would force the Army and Navy into following.

In spite of the confusion and cross purposes, the Air Force and many of the contractors were satisfied. The contractors who got tools will pay a rental of 1% of book value per month or retain them as an outright loan. The red tape usually attendant with such transactions will follow months after the tool is in production.

• **Way Cleared—**Even some contractors who went home empty-handed were happy. As one of them said: "At least I know now that what I want isn't there. Now I can get an O.K. for a new tool order."

What becomes of the remaining tools is still undecided. The Marietta location must be cleared to make way for Lockheed's B-47 production. Some of the remaining tools may be shipped to Omaha, the rest will probably be stored on an outside ramp, near the Marietta factory.

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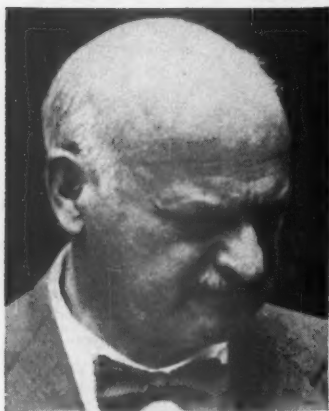
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Kenneth B. Elliott
Executive vice-president, sales



P. O. Peterson
Executive vice-president, manufacturing

Studebaker Shines Up Some Brass

Two officers get the title of executive vice-president—possibly in a move to fill the void left by Paul Hoffman.

There's been a hole in Studebaker Corp.'s top management ever since Paul G. Hoffman resigned as president in 1948 to take over as Economic Cooperation Administration's chief.

When this happened, Harold S. Vance, chairman, also became president. He's been holding down both jobs ever since. A lot of people figured the idea behind that was to keep the job open for Hoffman when he finished his ECA stint. Instead, Hoffman became head of the Ford Foundation.

• **Easing the Burden**—Since then, many have been expecting Studebaker to make some move to take part of the double-duty load off Vance's shoulders.

When you consider Vance's age (61), it becomes even more obvious that the board of directors has to start making plans for spreading some of the top authority around. As a two-man team, Hoffman and Vance worked smoothly, Vance as the production man and Hoffman as a sort of super-salesman (he came up from a dealership on the West Coast).

But just as Studebaker began hitting on all four, after years of sputtering through the depression, Hoffman left. His departure hasn't shown up in sales (1950 hit a record \$477-million), but it's apparent someone will have to be built up to the stature of Vance and Hoffman.

• **Retirement**—Vance is only four years away from normal retirement age. In

a widely held company like Studebaker, that means it's up to the board to make certain of management continuity.

• **Preliminary?**—Last week Studebaker announced a top management rearrangement that may or may not be the preliminary step in that direction. The directors (1) created two executive vice-president posts and (2) put the parts-accessories and export divisions on a vice-presidential level in the organization.

The rejiggering doesn't add any new blood: those who were promoted have been with Studebaker since the 1920's.

Nor does it point clearly to whom management would have in mind if it wanted a man to fill Hoffman's old job. No one in South Bend (Ind.) headquarters will hazard even a wild guess.

Vance himself says the new promotions "don't set up any kind of line of succession." The official explanation for the changes is that the board wanted to recognize the executives' long years of service. The two new executive vice-presidents, P. O. Peterson and Kenneth B. Elliott, were formerly vice-presidents in charge of manufacturing and sales, respectively.

• **Since Way Back**—Peterson came to Studebaker in 1919 through the purchasing department. He was treasurer of the old Rockne Motors Corp., a Studebaker subsidiary, in 1931. Later

he returned to the parent company as director of purchases and became vice-president in charge of production in 1947.

Elliott joined the company as assistant treasurer in 1928, became a vice-president in 1936, and in 1941 was put in charge of sales.

As new vice-presidents, the company upgraded E. C. Mendler, formerly parts and accessories general manager, and R. A. Hutchinson, formerly export division head. (Hutchinson is also president of Studebaker Corp. of Canada.) Both these men are old Studebaker hands, too.

• **Mostly Title**—Elliott and Peterson got the two top jobs, according to Vance, because they have been filling bigger jobs all along. He makes clear that the changes are mostly just in titles. The jobs remain the same. All four of the men will still be reporting directly to Vance. They'll be responsible only for their own departments.

This still leaves the big question of who will run Studebaker after Vance leaves pretty much up in the air. But it's a safe bet that the four appointees are among those management will be watching.

• **Replacements**—If nothing else, last week's changes give Studebaker something that's been missing since Hoffman left: a second team that can take over immediately in case of an emergency.

Vance adds: "We hope that Peterson and Elliott will learn to work as closely together as Paul Hoffman and I did."



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*Source: Publishers' Information Bureau Analysis, 1951

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● "Every decision, in any kind of organization, must please somebody who has a right to be displeased."

● "Devoted and impersonal staff members who think only of the organization, never themselves, seldom rise very high. And this may be better for the organization."

● "Men of action generally maintain their own morale by frequent rearrangement of goals so that neither defeat nor victory can be too demoralizing."

The Scholar at the Keyhole

In the early days of World War II, the Columbia Broadcasting System asked Lyman Bryson to give it some advice on its long-range postwar planning. Being, as he says, an academician (he is professor of education at Teachers College, Columbia University, and director of the radio program *Invitation to Learning*), Bryson's first step was to try to locate the accepted treatises on the function of advice. To his surprise, he found there was none.

That began a process that led last summer to Bryson's setting down some preliminary "Notes on a Theory of Advice," based on his own experience as a consultant to CBS and other firms. Published in the September issue of the *Political Science Quarterly*, the notes provide some of the more refreshing thinking of the year on the operation of U.S. business. Though the theorizing jars with standard concepts of reality, intelligent businessmen will accept it for what it is: an incisive, and at times delightful, view of the inner workings of the corporation.

• **Guidebook**—The intended purpose of Bryson's piece is twofold: to outline some of the techniques and difficulties of "trying to put knowledge at the service of power"; to serve as a guide for the scholars, scientists, and experts who are called in to advise industry or government.

Bryson thinks the scholars should be able, if called on, "to describe the behavior of policy makers, and their assistants, to the policy makers themselves, since administrators are not often given to the self-indulgence of abstract thought." He hopes his notes, by telling them what to expect, will help.

To start with, Bryson says, the academic expert can expect to run into four or more functions in the stages of the decision-making process.

First is the making of the policy decision, which is the function of administration. "It is final for the unit of action being examined. It includes the right . . . to appeal to a free constit-

uency, which is another way of saying that even the administrator who makes the final decision . . . has the right and the responsibility of being judged by somebody. . . . Every decision, in any kind of organization, must please somebody who has a right to be displeased, no matter how final it may be for all subordinates." The expert's job is eventually to help make the policy decision as cautious and as sensible as possible.

• **Execution**—Tied to policy-making is execution, which Bryson considers part of the policy process. Execution is not merely a mechanical performance; "it always involves a series of subsidiary decisions, which arise in carrying out the powers that have been delegated to the executive by the policy maker. Opposition, treachery, political manipulations or useful inventiveness may make or mar the policy as it is realized. . . . The decision as to how much he shall personally intervene in the execution is one of an administrator's most sticky problems."

• **Advice**—The third function is advice, which is almost wholly the work of the expert. But, Bryson says, the giving of advice is performed by all the members of an organization, and "this advice giving is almost never politically innocent." There is always striving among assistants. "It can be observed . . . that the devoted and impersonal staff members who think only of the organization, never of themselves, seldom rise very high. And this may be better for the organization."

What the expert must realize, says Bryson, is that there are competitive factors in decision-making. He should not "feel ashamed by the suspicion that men of affairs are not always wholly objective in what they say, as if, indeed, the morals of the seminar and the laboratory were the only morals extant."

The fourth function of decision-making—interpretation—is the one where the executive and the expert most often run afoul of each other. The trouble

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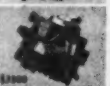
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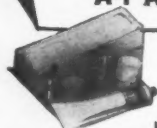
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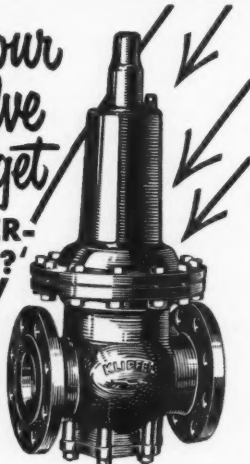
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is that the function is unspecified; an expert or an executive assistant can perform it without even thinking that he is widening his own job.

• **What Happens**—The problems of the expert consultant are pointed up best, Bryson thinks, by seeing what happens in the six or seven stages leading up to a decision.

The initial stage is to describe the problem. "The active administrator . . . is not very likely to have much time for the discovery or invention of problems. His primary function . . . is to choose among suggestions received from his staff or outside."

If the administrator decides to call in an expert, "that decision indicates that the problem is at least partly described in the administrator's mind. If he has not seen the problem clearly, he is merely indulging, for personal reasons, some member of his staff."

Of course, before he makes up his mind to call in an expert, the administrator will have to have decided what sort of expert knowledge he needs. In this, the executive assistants will advise him and "act as experts on experts and on expert knowledge."

• **Conflict**—After being invited and accepting the assignment, the expert will be given a description of the problem. "The first contact between him and his employers may be the locus of profound conflict or misunderstanding." Coming from the outside, the expert may try to reformulate or change the problem, to bring it into line with what he thinks may be ulterior policy considerations. But "the administrator and executives have much more complicated and less innocent ideas about those ulterior policy matters and may not believe it is necessary to disclose them."

After agreement on the nature of the problem, the expert does his work by suggesting alternative courses of action and predicting their consequences. The prediction is the hardest part. "Records would seem to indicate that the gifted man of action prefers to initiate a maneuver and invent most of his planning as he goes. . . . Men of action generally maintain their own morale so that neither defeat nor victory can be too demoralizing." If the expert is lucky, he can present his plans "in such a way as to indicate that future events will make new choices necessary, and the road ahead is full of forks."

• **Desire to Dominate**—Bryson explores at length what he believes to be the essential character of decision-making: "a more or less conscious desire to dominate and get ahead" that pervades the behavior of all members of the administrative hierarchy. In his opinion, this is perhaps the most important of all elements to which an outside expert must condition himself.

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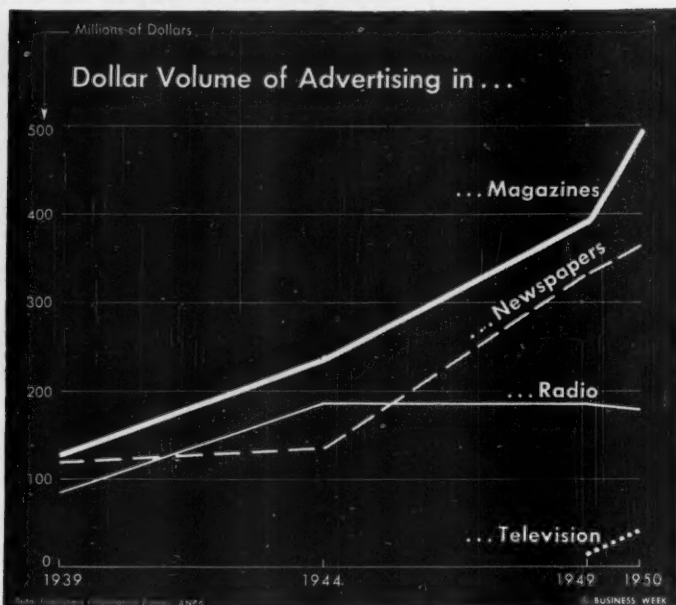


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Magazines: Is TV a Real Threat?

Not right at the moment, but publishers are worried about the future—especially since some general-circulation books are already having financial troubles.

Almost exactly 17 years ago to the day last week, a group of big U.S. magazine publishers banded together to protect themselves from the threat of a new competitive medium. The medium was radio, and the threat took the form of cost and circulation comparisons. In effect, the radio networks claimed that an advertiser got more circulation for his dollar on radio than in magazines.

• **False Alarm**—The publishers, pretty well alarmed by this, tried to point out that these claims were watered. The trouble was that by then they feared that the damage had already been done—radio seemed about to take a deep cut out of their advertising revenue.

It didn't work out that way at all. Magazine grosses continued to grow almost as if Marconi had never succeeded in sending a signal through the air (chart).

• **The Little Brother**—In 1951 the big worry to publishers has been radio's fast-sprouting little brother, television. At a quick glance, it looks as if this

time they might really have something to worry about. The figures show that for the first six months of this year network TV advertising revenue rocketed a breath-taking 294% over the first six months of 1950. For the same period, magazine advertising grosses rose only 4%.

But this looks more startling than it really is. Despite the big increase, TV advertising income still stands at only one-tenth of the dollar volume of magazine advertising. And all of that seems to be new money, over and above what is going into magazines. The figures show that even during the last few years of TV's rapid growth, consumer-magazine advertising revenue, in general, has continued its long, dramatic climb.

I. The Pace of Profits

Why, then, do general-magazine publishers fear inroads into their balance sheets that may cause real trouble? The answer lies in the fact that profits have not been keeping pace with the rise in revenue. That, in turn, is be-

cause costs have risen even faster, if less steadily, than grosses.

Take paper. According to figures from 35 publishers, their paper costs rose from \$89 a ton in 1940 to \$180 in 1951. More impressive is the fact that in 1944, when magazine revenue stood at \$250-million, net profits were 8.2% of income. In 1950, after revenue had risen to nearly twice as much, net profits dropped by nearly half—they stood at 4.3%.

What this means is that, in spite of apparent prosperity, not all general-circulation magazines are doing well financially. If you break them down into rough groups, you'll find this:

The home magazines are riding the crest of the financial wave. Most spectacular showing here comes from *Better Homes & Gardens*, which in 1946 had an advertising gross of \$8.7-million. By 1950 the gross had risen to \$19.6-million.

The mass weekly and biweekly field is doing next best, in general. Life magazine's gross looks most impressive: It rose from \$56.4-million in 1946 to \$80.4-million last year. In the same period, *Saturday Evening Post* went from \$47.8-million to \$63.2-million. (On the other hand, *Collier's* finds the going rougher. Its gross fell from \$22.4-million in 1946 to \$17.4-million last year.)

Percentage-wise, the outstanding publication in this general field is *Look*. In 1946 its advertising gross stood at \$6.4-million. By last year it had climbed to nearly three times as much—to \$17.8-million.

Women's magazines have few worries, too. *Good Housekeeping* has the best record; its gross has risen steadily since 1946 from \$10.3-million to \$15.4-million in 1950. *Ladies' Home Journal* has done well, too, but with a less steady gain. For example: In 1946 it had a gross of \$19.6-million. In 1947, the very next year, it soared suddenly to \$25.6-million. But by last year, it had dropped back to \$22.5-million.

The general monthlies show signs of real trouble. In the past five years, their total revenue has dropped from \$28.9-million to \$25.3-million. Individually, the score looks even worse. *Cosmopolitan's* gross, for example, plunged from \$6.2-million to \$3.8-million. *American*, a little better off, fell from \$5.8-million to \$3.1-million.

Fashion magazines feel in equally bad shape. In the five-year period, their total gross dropped from \$27-million to \$18.4-million. Clipped hardest was *Vogue*, with a drop from \$9.1-million to \$5.8-million. *Mademoiselle* fell from \$5.5-million to \$3.2-million.

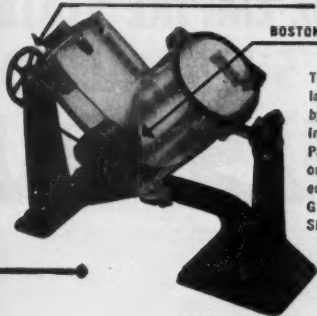
Fan magazines—movie, radio, TV—find the going pretty rough. Even though they are in a somewhat specialized field, their position has a bearing

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is?

..and
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..and
why
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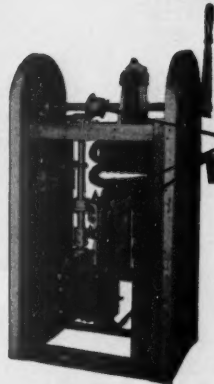
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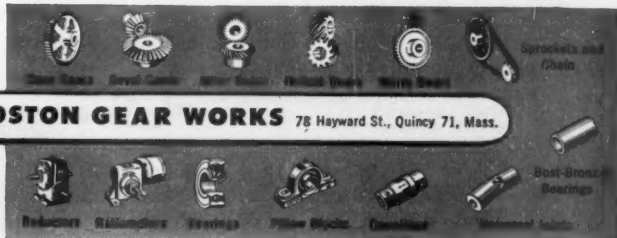
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on what has been going on in general. Since 1946 their gross has dropped from about \$19-million to \$14-million.

II. What Is to Blame?

Why is it that some magazines, or groups of magazines, do well in 1951 while others don't? Publishers and editors of the mass-circulation magazines would love to know the answer to that. Since they can only guess, there isn't much that they can do about it.

As is customary in practically all similar fields now, the tendency is to guess that television should get most of the blame. As the figures show, nobody can blame TV—yet—for taking enough revenue in general to worry about. But most authorities feel that it has caused trouble for individual publications. One thing that publishers don't like is the fact that, ever so slightly, the magazines' share of the advertising dollar has been dropping since it reached a high point in 1944. Here's the way the advertising dollar has divided up during four recent years:

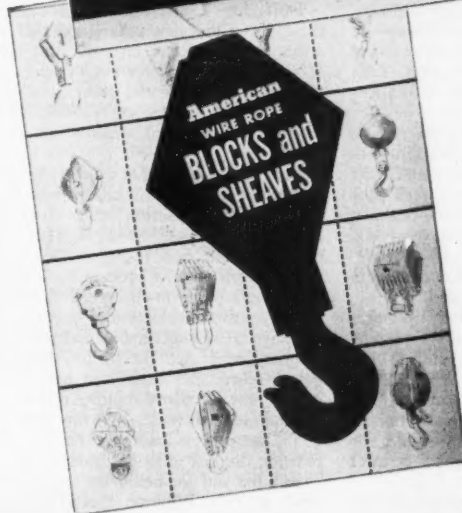
	1939	1944	1949	1950
Magazines	39.2%	43.2%	42.8%	41.8%
Newspapers	36.4%	23.9%	36.0%	36.2%
Network radio	24.4%	32.9%	19.9%	18.0%
Network television...			1.3%	4.0%

• **Three Worries**—Publishing authorities say that the significant thing about these figures is that they show a decline, however slight. That's because the profit margin these days is so narrow for some magazines that any slip can spell real trouble. And if TV really begins to cut, which it seems bound to do, some of the harder-hit books may have to do some fancy cost-cutting.

They must also worry about two other possibilities: (1) that advertising spending may not continue its rise; and (2) that, even if it does, more of the gross will go into other media.

• **Editorial Moves**—One thing that these possibilities may mean is that you might see more and more spectacular editorial ideas. Two weeks ago Collier's published a special issue, which may be a forerunner of similar projects by other magazines. Collier's devoted its entire 130-page issue to a "Preview of the War We Do Not Want." Inside, 21 big names wrote of World War III (1952-1955) and its aftermath. Supposedly, the year was 1960.

Collier's insists that the special issue arose from editorial rather than financial motives. It had the sober purpose, claim the editors, of setting down what might happen. The over-all aim was to gain editorial prestige for the magazine. There's no doubt that it did: The trade in general considers it a sound journalistic job. But the fact is a gain in prestige will also mean a gain in advertising revenue. And there are few magazines that can't use such a change to advantage.



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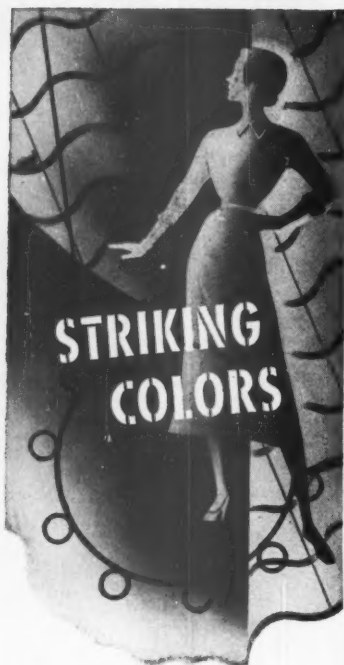
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embossed-blanket process cuts textile printing costs

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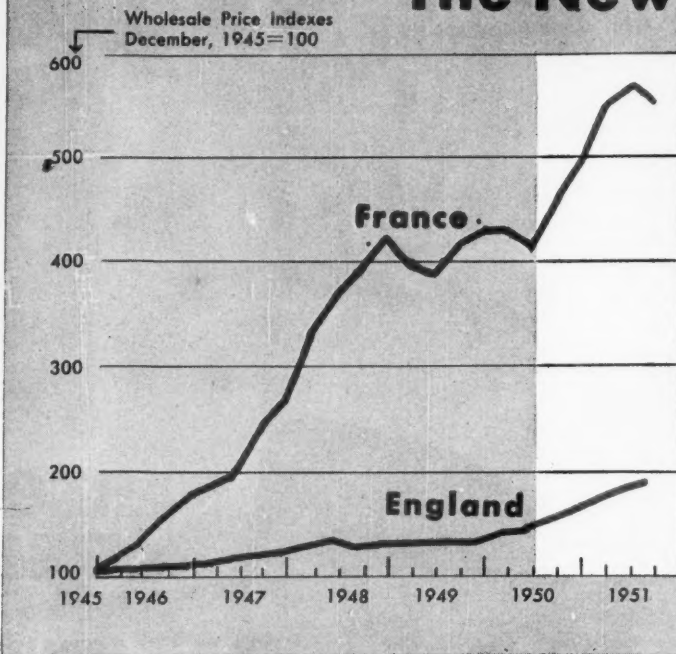


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ECONOMICS

The New



Rearmament Shatters

The biggest threat to Western Europe and the North Atlantic Treaty Organization these days is not military. It is economic. If the lineup of democracies falls apart, the chances are that disastrous inflation—rather than Communist armies or fifth columns—will be the reason.

• **Consensus**—Last week bankers and economists from all over Western Europe wound up an International Credit Conference at Rome. For a week they had discussed the financial outlook, glumly comparing notes on what was happening in each of the various countries. Informally, but almost unanimously, they concluded that:

• **Rearmament** is driving up wages and prices all over the world, especially in Western Europe. No end to the process is in sight.

• The traditional means of battling inflation—credit controls, budget surpluses, "sound" money—won't be effective. They can help, but they can't do the job.

• Only U. S. aid on a grand scale can save the fragile machinery of trade

and finance that Europe has been rebuilding since 1946.

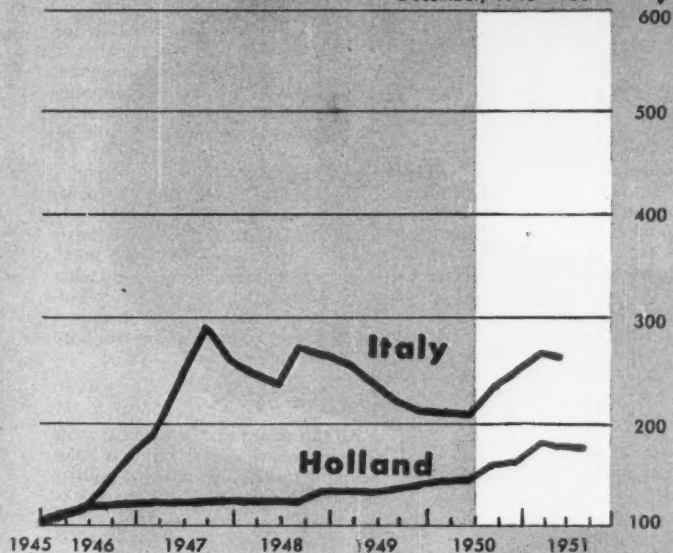
• **Different Causes**—The distinctive thing about this new inflation is that it arises out of pressure on costs, not out of money and credit or out of postwar dislocations in trade and production. Its roots go back to factory payrolls and to the raw material markets of the world.

For that reason, the new inflation will prove harder to keep in check than the first postwar inflation that harried Europe from 1946 to 1949. In the earlier period, two things helped get the Western nations back on their feet: (1) monetary reform—balanced budgets, tighter credit, devaluation of currencies; (2) physical reconstruction and reestablishment of trade. Bit by bit, Europe got its currencies back into line with reality, got its plant rebuilt, reopened its channels of trade. By the end of 1949, the process had gone far enough to bring the first inflation under control.

But the old medicine isn't going to work with the inflation that is getting under way. To see why, take a look at

Inflation

Wholesale Price Indexes
December, 1945=100



©BUSINESS WEEK

A Shaky Balance

just what is happening in some of the countries of Western Europe.

I. Britain

The new crisis is doubly bitter for the British. Only about a year ago, they thought that they were finally out of the woods.

Production had pretty well caught up with the backlogs of demand. Reviving export trade was making it possible to import more. Wages had been reasonably stabilized. Drastic devaluation had taken the pressure off the pound, and gold was flowing in. Austerity was still the rule, but there was a hope of better things ahead.

• **Quick Swing**—Rearmament knocked the props from under this precarious stability. Prices of imported raw materials went sky high under the double pressure of U.S. stockpiling and direct munitions demand.

Britain, which imports raw materials and exports manufactured goods, found that the terms of trade were swinging violently against it. The impact of high

import prices on the cost of living broke down wage stabilization, and the inflationary circle was joined.

In the first half of 1951, this adverse swing in the balance was fairly slow. But after the middle of the year it picked up speed. Several things hustled it along:

- The trouble in Iran suddenly shut off the flow of oil, costing Britain something like \$400-million a year in dollars it couldn't spare.

- The U.S. stopped buying Malayan tin and almost stopped buying rubber, the two biggest dollar earners for London's reserve.

- Price controls in the U.S. limited the dollar earnings of British exports.

- Britain's rising defense budget began to cut into living standards and into exportable surpluses, leaving less and less for home consumption.

- **New Crisis**—As a result of all this, Britain is up against another economic crisis. It is losing gold and dollar reserves. Prices are rising; wages are on the way up. And as far as living stand-



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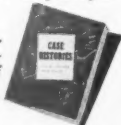
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*Companies that have thoroughly checked handling costs find 30% a conservative average. Many run much higher.



ards go, the only prospect is more belt-tightening, more austerity.

This dismaying reversal took place in a period when the budget was balanced and when credit was under fairly effective—if somewhat informal—control. Money is still relatively cheap in England, but monetary authorities have raised the short-term rate (the famous bank rate) as a signal for tighter credit. And they have passed the word to the commercial banks to do no inflationary lending. This type of control by suggestion is more effective in the tightly knit British banking system than it is in the U. S.

British economists at the Rome conference thought that a sterner credit policy might help a little. In particular, they suggested that long-term rates might go up as well as short-term. But none of them thought credit control would make any fundamental difference in the inflation picture.

• **No Use—Devaluation**—the kill-or-cure medicine that Sir Stafford Cripps used in the 1949 crisis—would do no good now. The problem then was to stimulate British exports; devaluation was effective mainly because it amounted to an indirect cut in export prices.

But today it is the cost of imports that is playing hob with Britain's economic stability. And devaluation would simply raise that cost and cut the hard-currency earnings of exports.

II. The Continent

In France the root causes of inflation are the same. But there are extra complications—a chronically unbalanced budget (kept in book balance by Marshall Plan aid counterpart funds); low productivity, lack of private capital investment; general distrust of the currency. One symptom of the basic unsteadiness of the French monetary system is the eager demand for gold. The economists at Rome estimated that Frenchmen have something like \$6-billion in gold squirreled away.

• **Credit Control**—The French tried credit control in the first postwar inflation. First they jacked up the bank rate, and, when that didn't work, the Bank of France fixed ceilings for the rediscount facilities allowed to each bank. That proved "too rigid." And so the bank opened additional facilities at 1% above the bank rate.

With this open-end system, French credit control became "too soft." But the economists think that tighter controls would do little good now. They concluded that the inflationary forces in France are too strong to be checked by credit measures.

• **Too Strict**—In Italy credit control has been, if anything, too effective. The volume of money has been kept rigidly in check—and one result has been un-

employment. Defense work is now taking up the slack. And exporting on credit has started the inflation process going.

In the Netherlands the government has had a vigorous anti-inflation program since the beginning of the year. Holland is particularly sensitive to the new inflation because it leans heavily on overseas trade.

The government's program calls for reducing consumption 5%, investment 25%. Income taxes, higher purchase taxes, and cuts in subsidies are supposed to achieve the cut in consumption. Tighter credit and less public investment are supposed to do it for capital spending.

Whether the government can make its program stick will depend largely on what happens in the raw materials markets. Weakening of world prices this summer helped a lot. But Dutch workers have already won a 5% cost-of-living wage increase. And if import prices get out of hand, wages will have to go up some more.

III. And So . . .

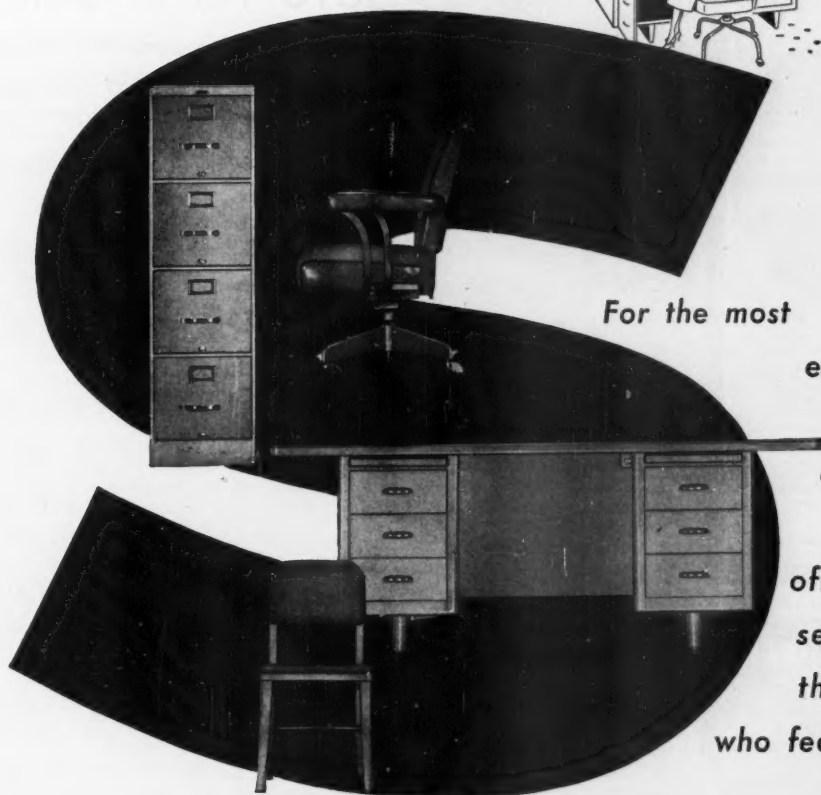
All this means that NATO has some staggering economic problems to solve before it can take on any real military significance. If the first consequence of rearmament is a whirlwind inflation in Europe, the Atlantic Treaty will be self-frustrating.

It is more than just a question of maintaining living standards in the various European countries. What's at stake is the whole fabric of economic life that has been restored so painfully by postwar reconstruction and Marshall Plan aid.

• **Danger to EPU**—One of the first casualties of inflation, for example, would be the European Payments Union. Already the violent swings in the trade balance—especially between continental Europe and the sterling area—are putting too much strain on EPU's machinery. The union's dollar reserves are almost gone. If the clearing system collapses, the whole trend toward liberalizing European trade will collapse with it.

Europe's answer to the problem is more U. S. aid. Undoubtedly, that will have to be part of the solution. But the trouble goes deeper. It goes back to the raw material markets and the scramble for basic commodities—to the inflation in the producing countries that are getting fancy prices for their wool and copper, but can't import goods to keep their own cost of living down.

Thus, the economists say, the problem of Europe's inflation boils down to a problem in the allocation of the world's resources. If it is solved at all, it will have to be solved in those terms and not by jiggling currency rates.



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MARKETING

Its Theories Have Yet to Gel

● The marketing experts, at Urbana conclave, wonder whether they are really building up a science. They find three major pitfalls:

● Definitions of terms are still nebulous. This study of integration gets lost in a cloud of words.

● Psychology and how to plumb it worry the professors. Commercial researchers claim they have the key.

● Secrecy among competitors hampers study. But there's hope for a pooling of knowledge.

Marketing theorists incline towards a collective inferiority complex. Theirs is a new profession. Marketing, as a formal subject, was first taught in U.S. universities only about 50 years ago. Organized research in the field is only about 30 years old.

Marketing men are aware that they have accomplished some brilliant work. On the whole, they feel, their profession is making strides. But most of them are still given to self-doubt and soul-searching.

How far have they really come in developing an organized body of theory? Are they really building a science of marketing?

● **Urbana Meeting**—These soul-searchings underlie the marketing symposiums organized by the University of Illinois' College of Commerce and put on for the first time two years ago. At that time the experts, mostly from the academic field, devoted their thoughts to the development of marketing theory. The first Paul D. Converse Awards for "outstanding contributions to the development of the science of marketing" were also made, to Arch W. Shaw, Ralph Starr Butler, Paul H. Nyvstrom, and other pioneers in the field. (The award is named for the professor of marketing at Illinois.)

This year's meeting at the Robert Allerton estate outside Urbana was again devoted to the marketing theorist's pet preoccupation. It was entitled "The March Toward Science in Marketing." This time awards went to market researcher Paul W. Stewart; Arthur C. Nielsen, of A. C. Nielsen Co.; Daniel Starch, of Daniel Starch & Staff; and Neil H. Borden, professor of marketing at Harvard Graduate School of Business Administration.

Once again the experts faced the

question of how far their science had advanced.

● **Stepchild**—Whenever marketing men tackle this subject a split in thinking shows up. The trouble here is that marketing is a stepchild of formal economics. The earlier classical economists ignored the whole problem of marketing as we know it today. They tended to look on demand in fixed terms. They were concerned with the problems of value and utility, neither of which goes very far to explain why human beings buy things. As for the Keynesians, they have been too much involved with the problem of national full employment to give marketing much heed.

This has left marketing men pretty much on their own. And that is just about where a lot of them like to be. They are satisfied with the empirical approach and see no particular reason why marketing theory must be tied in with general economic theory. They note the field's important successes with studies on costs and efficiency, price determination, population and trade movements, income patterns. And they note the daily success that thousands of marketing men out in the business field chalk up with the use of current theory, imperfect or not.

● **Theory, Too?**—Another school of thought is not satisfied with advances on this level alone. Wroe Alderson, of Alderson & Sessions, made this comment at last year's symposium: "In marketing, the devotion to the facts has been carried almost to the point of the exclusion of general theoretical interests. Marketing science must have both theory and fact-finding." To this he added: "The development of a pure science of marketing is urgent because it should yield the kind of practical re-

sults that are known in other fields as applied science."

What slows down the development of science in marketing?

Three areas of difficulty showed up at the Urbana meeting this year: definitions, psychology, and secrecy.

I. Definitions

A lack of sure, firm definitions hampered the marketing men in their searchings at the Urbana symposium. For instance:

Robert H. Cole of the University of Illinois led off the discussion of vertical integration with a paper that groped for a description of the process. One of his basic premises was that integration vertically creates savings for the consumer of "anywhere from 6% to 28%." Following this the conferees heard papers on the extent of vertical integration in steel, cotton textiles, and petroleum.

It was obvious that all the experts were talking about a process that involved linking up successive processes under one management.

But that is about all that was obvious.

Vertical integration seemed to raise problems of basic marketing definition. E. T. Grether, of the University of California, posed the problem this way: "Change of title is replaced by inner requisition within the structure." He was asking whether the flow of goods inside an integrated structure is rightly a part of marketing at all—assuming that a basic definition of marketing must include the transferral of ownership of goods.

This sent the experts back to their textbooks. Perhaps, they conceded, a new definition of marketing itself might be in order.

• **The Benefits**—A second difficulty arose over integration. Again the question was raised by Grether, who wasn't so sure that vertical integration always worked to the benefit of the consumer.

He distinguished between integration "upstream"—towards the source of supply—as against "downstream" integration—in the direction of markets. Grether thought the former type sprang from motives of economy and was therefore the sounder. But downstream integration, he thought, was primarily to get hold of markets and is sometimes done "at whatever cost it may entail." It is also more likely, he thought, to reduce competition by "introducing dis-economy."

Others felt a similar need for finer distinctions and definitions. A comprehensive theory of vertical integration must also take into account, it was noted, two differing drives. The examples: (1) steel, where vertical integration has come about largely because of technological and production needs, and

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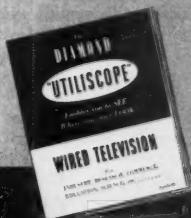


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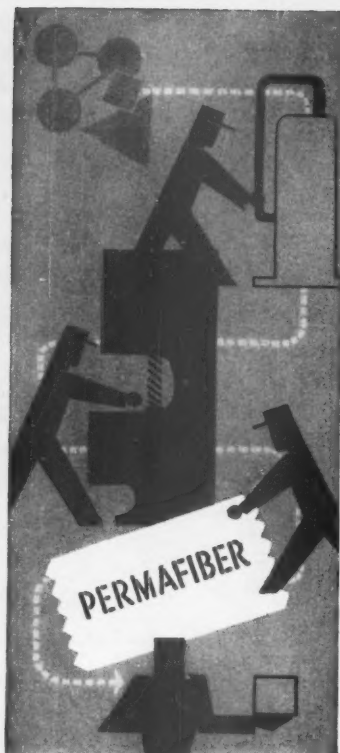
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(2) textiles, where marketing motivations have been dominant.

II. Psychology

Neil Borden put his finger on a second major roadblock in the way of marketing theory and science with this remark:

"Marketing deals with the behavior of people in the exchange of goods. If progress in developing a science in marketing has seemed slow at times, the reason rests in considerable degree in the fact that we are shackled by the difficulties of measuring—and hence of understanding and forecasting—human behavior."

In short, Borden was bringing up once again the oldest question in marketing: Why do people buy what they do?

The importance of this question can't be overstated. If you had the answer you would have the answer to a lot of other things. From it you could construct a theory of demand that could be used in forecasting buying patterns. The possibilities of such an accomplishment are enormous, both on a national and business scale.

• **Split Opinion**—The commercial researchers at Urbana were more optimistic about the strides made in this field than were the academicians.

Daniel Starch told the gathering, "It is possible to measure the effectiveness of advertising copy through research."

He described the techniques used in making the Starch readership surveys. In particular, he stressed the latest development—the so-called "reader-non-reader spread." Simply enough, Starch finds out who read a given ad, then finds out how many of these people bought the product. He then finds out how many of the people who didn't read the ad bought the product. He then works out a differential to express the difference based on a formula that takes into account saturation of sales.

Starch admitted that "great care" must be used in using this type of data. But he thought that "we have here a most useful tool for improving the selling effectiveness for all advertising."

• **People Tell You**—Some of the academicians were not so sure. Borden's talk summed up their doubts that the effectiveness of advertising can be shown so clearly. The recall method of measuring readership has grave defects, thought Borden. The trouble is that you have to rely on what people tell you. "I doubt," he said, "whether people can say with certainty that they have seen a specific advertisement in a particular magazine or periodical." Further, he added, "The number of instances of advertisements named in unaided recall tests tends to be so low that measurements mean little."

Neilsen's surveys also drew some

Year in and year out
you'll do well with the
HARTFORD



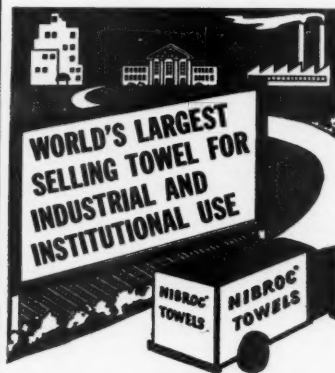
—all forms of fire, marine
and casualty insurance and
fidelity and surety bonds.

See your Hartford agent
or insurance broker

**HARTFORD FIRE
INSURANCE COMPANY**
**HARTFORD ACCIDENT
AND INDEMNITY COMPANY**

**HARTFORD LIVE STOCK
INSURANCE COMPANY**

HARTFORD 15, CONNECTICUT



Best for hospitals, factories, schools,
stores, office buildings. Fast drying,
soft, absorbent, lint-free, economical.
Available through your
local merchant. Write for samples.
Address Dept. B-16.

Also ask about the revolutionary
new Nibroc Paper Bath Towel.

A PRODUCT OF



BROWN Company

Berlin, NEW HAMPSHIRE
GENERAL SALES OFFICES:
150 CAUSEWAY STREET, BOSTON 14, MASS.

criticism from the gathering. Borden put it this way:

"For the products to which they are applied, the Nielsen type of store audit studies and fixed consumer panels, such as the panel of Industrial Surveys Co., has been helpful in throwing light on advertising's contribution. But even in the instance of those products for which advertising plays a relatively important part in the marketing mix, the measurements of advertising must be looked upon as very crude or inexact."

• **All There Is—Questioning** from the floor dealt in part with the size of Nielsen's samples—the number of stores in his store audit, the number of consumers in the audit of consumer inventories, the number of radio homes having the Nielsen Audimeter in them. The marketing experts wondered if the samples are big enough to give an accurate representation of the whole?

Perhaps the trend of thinking was summed up by Borden's statement that such studies give "good clues to advertising's sales contribution." Or as one corporate research man remarked, "Yes, we use the store audits and consumer panels—because that's all we can get."

III. Secrecy

The secrecy of business is a third roadblock to marketing science. Borden called it a major hindrance. But he's not the first to make this comment.

Paul Converse wondered at last year's symposium "what we might know about consumer reactions and psychology if some of the companies making consumer surveys thoroughly analyzed all their material over a period of years and made deductions."

More recently, the obstacles created by secrecy in business have been noted by a practicing advertising expert, Victor M. Ratner, vice-president of Macy's-New York. Ratner, in a speech at the Boston Conference on Distribution last month, commented on the lack of comparative data in advertising. Because of this, said Ratner, decisions in advertising "must be made today only by crude rule of thumb."

The trouble, noted Ratner, is simply that "whenever any advertiser finds out something that really works, the last thing he wants is for his competitor to find out about it."

• **Impartial Ear**—However, Ratner, thought, there is a way out.

"As the saying goes: Does Macy's tell Gimbels? Well, I do not want to tell Gimbel! But I think a formula might well be worked out where I and other advertisers could report our data to an impartial university or foundation."

This suggestion, to professors of marketing who have long been asking business to do just this, raises hopes that business may finally come through.



Farms that "grow" *Concrete* to build a stronger America

Two of the strangest farms in America "grow" concrete in northern Illinois and central Georgia. They are the experimental farms of the Portland Cement Association, where scientists are studying the effects of weathering on concrete in northern and southern climates.

"Growing" here are better pavements for defense highways, stronger runways to resist the impact of huge commercial and military planes and the tremendous heat of the jets, walls with greater resistance to the elements for factories, schools, hospitals, homes, hangars, warehouses, stores and public buildings.

"Plantings" made on the farms, starting in 1940, consist of rows of concrete slabs, posts and boxes which simulate pavements, structural columns and walls. Specimens contain different proportions and combinations of materials commonly used in making concrete.

Research like this is a continuing and expanding activity of the Portland Cement Association. Out of it comes technical information on the best concrete mixtures and the best building practices for structures exposed to all conditions of service and weather.

Such information is made public immediately and freely through the Association's field engineering service and its educational and promotional efforts made possible by the voluntary financial support of its 67 member companies. Knowledge gained in the laboratory and in field tests thus can be used quickly by architects, engineers and contractors in designing and building more durable and lower annual cost facilities needed for our general economy and the defense program.

PORTLAND CEMENT ASSOCIATION

33 West Grand Avenue, Chicago 10, Illinois

A national organization to improve and extend the uses of portland cement and concrete . . . through scientific research and engineering field work



RAILROADS? Freight cars, bringing fresh produce to New York City cross the Hudson on carfloats. Then they are unloaded, at the pierside. This service used to be free. Now the railroads have begun to charge for it.

Who Pays for Unloading at Washington



AUCTION for citrus and fruits and tomatoes is held right on the piers. Every night retail and institutional suppliers fight it out on the floor. Prospective buyers put their bids to . . .



AUCTIONEER (at mike), while the receiver of the produce harangues the buyers. All are

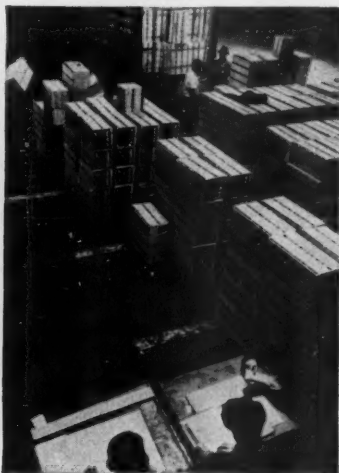


BUYERS? Produce men, who bid for shipments on the spot, are fighting the new charge. They pay it in higher prices, pass it along to consumers.

Market? (Story starts on page 134)



afraid they are going to lose more of their business to New Jersey markets across the Hudson River.



PURCHASES are loaded onto the buyers' trucks and hauled off to the warehouses.



...when it comes to locating scarce items. Shoot telegrams to all possible suppliers. Quick delivery—fast replies!

For any business purpose
**A TELEGRAM
DOES THE JOB
BETTER**

WESTERN UNION

LOCATING MATERIALS

URGENTLY NEED FORTY THOUSAND SQUARE FEET HARD FLOORING. TELEGRAPH AMOUNT AND PRICE OF ANY YOU CAN SHIP THIS WEEK.

WESTERN UNION

GETTING RESULTS

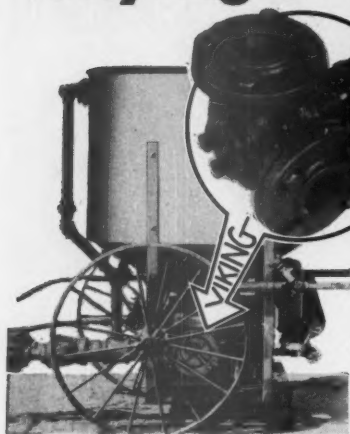
REPLYING YOUR TELEGRAM, HAVE TWELVE THOUSAND FEET WHITE OAK FLOORING IN RANDOM WIDTHS EIGHT TO SIXTEEN INCHES AT FIFTY CENTS SQUARE FOOT. PLEASE WIRE IMMEDIATELY IF INTERESTED.

THANKSGIVING GREETINGS BY TELEGRAM!

Send them by Western Union to friends and loved ones, near and far. Use more words for less money under new rates. Each message delivered on a specially decorated blank.



Laying it on THICK



*Complete unit not built by Viking Pump Co.



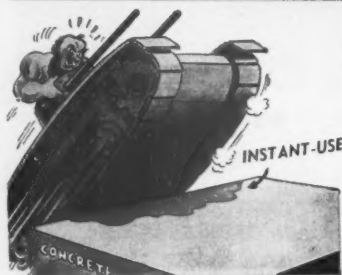
It can be done—laying insulation material on thick with a Viking Pump. Here the job is to deliver a very heavy, viscous, insulation material to a metal building.

The Viking Pump used as an integral part of this equipment,* makes it possible to spray on this generous coating. Delivery is smooth and sure.

Do you have a job of moving such a semi-solid? Check Viking for your answer. To start, send for folder series 51 today.

VIKING PUMP COMPANY
Cedar Falls, Iowa

THE ORIGINAL "GEAR-WITHIN-A-GEAR" ROTARY PUMP



TOUGH FLOOR PATCH

Sets Instantly!

No need to tie up plant traffic while broken concrete floors are being repaired. Use durable INSTANT-USE—a tough plastic material which takes traffic immediately. Ideal for repairing cracks, holes, ruts. Bonds tight to old concrete . . . right up to a feather edge.

NO WAITING! JUST TAMP! TRUCK OVER!

Simply shovel INSTANT-USE into hole or rut—tamp—and your floor is restored to solid smoothness—ready for traffic. Special Plasticizer makes INSTANT-USE easy to scoop out of container . . . easy to level . . . easy to tamp. Used indoors or out. Immediate shipment.

INSTANT-USE

FLEXROCK CO. Offices in Principal Cities
3660 Cuthbert St., Philadelphia 4, Pa.

Please send complete INSTANT-USE information details of TRIAL ORDER PLAN, and HANDBOOK OF BUILDING MAINTENANCE—no obligation. (Clip and attach coupon to Company letterhead).

Name

Company

Address

SPEED and BEAUTY

NOTE exclusive storage box and top tray, both easily removed.



The Modern Streamlined COIN CHANGER

Over 200 in use by one leading Western Bank Chain

- More than 1000 satisfied users—banks, saving-loan, theatres, stores, ticket offices.
- Sturdy aluminum-gray hammer-tone finish.
- Compact, light weight—9 lbs. net.
- Trouble-free—not one cent spent for service by any customer in 2½ years.



At bank and office supply dealers, ONLY

ROLL-OUT BASE

Converts any MP Jr. Changer to low cost roll-out unit, where speed is essential and handling of coins not desired. \$22.50 extra, plus tax.

METAL PRODUCTS ENGINEERING, INC., Los Angeles 58

"... until three years ago, the roads absorbed the cost of unloading . . ."

PICTURES on p. 132 & 133

The nightly drama of the vast, time-scarred Washington Market in lower Manhattan can usually offer the observer excitement enough in its own right. But right now the big drama is being played off stage. A three-year-old battle focused on the piers just adjacent to the market is shortly coming to a head.

The crux of the battle is this: Who is to absorb the cost of unloading the 200,000 carloads of fresh fruits and vegetables that come annually to the Hudson River piers? The Interstate Commerce Commission is scheduled to hear oral arguments on the question, starting Nov. 26.

• **Four Lines**—Some 75% of the fresh fruits and vegetables that come into the New York market are carried by the Pennsylvania R. R., Erie, Baltimore & Ohio, and New York Central. About 40% of this produce comes from California, Florida, and Texas.

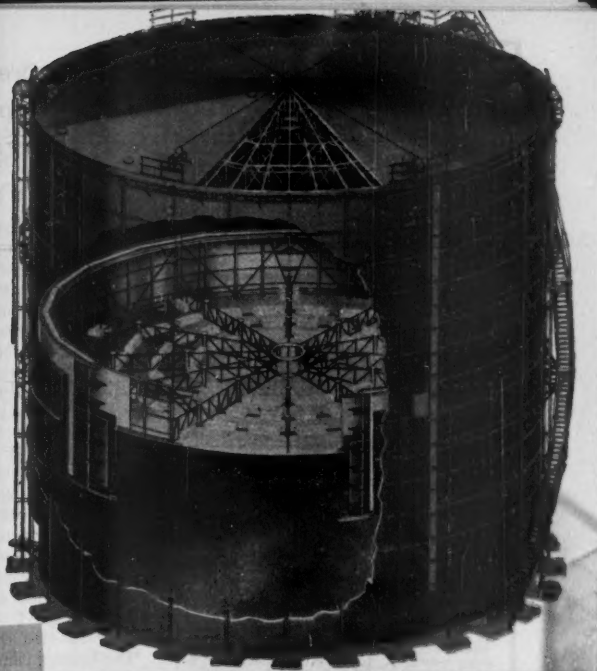
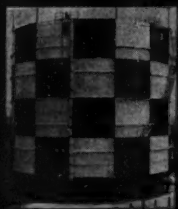
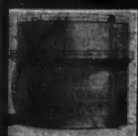
For the past 50 years, the freight cars of these carriers have been "lightered" across the Hudson from the New Jersey terminals on carfloats. Until three years ago, the roads absorbed the cost of unloading from the freight car to the pier.

Normally, a carrier does not pay unloading charges; the receiver of the goods pays them. Freight delivery generally is a "team-track" affair—where the trucks simply pull up to the sidings and take the goods off.

• **Market, Too**—But the terminals on lower Manhattan are different. They are not only terminals; they are also a wholesale market. The railroads maintain auction rooms right on the piers—rooms that the auction companies use free of charge. Citrus and deciduous fruit and tomatoes are sold at these auctions.

In November, 1948, the roads stated that because of higher operating costs they could no longer pay the unloading charge. They won from ICC the right to tack onto their line-haul rates an extra charge for unloading fresh fruits and vegetables; these charges range from \$35 to \$60 per car. Since then, the roads have collected an estimated \$3.5-million to \$4-million extra from the wholesalers at the receiving end of the pier. And since that time, the market has waged an unceasing war against the ICC ruling.

The market and its allies argued that the charge was highly discriminatory; it affected only the fresh produce. In addition, they said, it was only fair that the roads should absorb the unloading



safe, simple,

See American
Gas Association
Builder's
Committee Report
(May, 1951)

As gasholders go, the Wiggins has a remarkably simple design. It has none of the complicated mechanisms of old-type gasholders. No materials that can be harmed by weather. Wiggins is the only gasholder that uses no water, no tar, no grease. Wiggins assures no weather worries, no operating costs, no maintenance problems. It's the only gasholder with an absolutely dry, frictionless seal.

Designed by the famous conservation authority, John Wiggins. Built and erected by General American.

The frictionless piston rises and falls with changes in the gas volume. The gas tightness and impermeability of the Wiggins dry seal has been proved in actual operation.

Can be built to any capacity. Old gasholders can be converted and capacity increased as much as 50%.

Wiggins Gasholder

for
industrial
and chemical
process
gases



**GENERAL AMERICAN
TRANSPORTATION CORPORATION**

135 South LaSalle Street, Chicago 90, Illinois

Branch Offices: Buffalo • Cleveland • Dallas • Houston • Los Angeles • New Orleans • New York • Pittsburgh • San Francisco • Seattle • St. Louis
Tulsa • Washington • Export Dept., 10 East 19th Street, New York 17, New York • Plants: Birmingham, Ala. • East Chicago, Ind. • Sharon, Pa.

Increase Your Value

as an
Executive

with these 4 aids

SIZING UP PEOPLE

Just Published!

Shows how to size up people—their personality, intelligence, and ability. Gives specific help on determining how people differ . . . on grading human abilities, such as general intelligence, mechanical and engineering aptitudes, etc. . . . on evaluating trustworthiness, etc. Shows how glands affect the personality, how aptitude tests are helpful, how human abilities can be best used in business, etc.—with countless examples taken from business and industry pointing up each principle discussed. By Dr. Donald A. Laird and Eleanor C. Laird. 276 pages, 47 illus., \$3.75.

THE ART OF ADMINISTRATION

Shows the WHAT, WHY, and HOW of administrative work in relation to leadership, personal power, authority, and coordination in top management. Covers the fundamental aims and purposes of large organizations; the characteristics of human nature in action; administration's part in democratic leadership and its education function; and the personal aspects of administration which are effective in achieving collective cooperation. By Ordway Tead, Author of "The Art of Leadership". 223 pages, \$3.75.

HOW TO DEVELOP YOUR THINKING ABILITY

Here are ideas for attaining straight thinking which are embodied in just six "tools" which the book fully explains, demonstrates in action in everyday life, and makes extra clear with 81 amusing but pointed cartoons by Ted Kog. Shows how to apply these tools in the most important areas of your life. Both a practical handbook and a highly readable volume. By Kenneth S. Keyes, Business Consultant. 246 pages, \$3.75.

HOW TO WRITE A SPEECH

A new book that shows how to plan, write, and deliver a speech. Using the sales speech as a device, it gives a detailed plan of procedure, from writing a synopsis of the speech and making a layout on paper, to dramatizing the high points. Offers a check-list of items that should be covered, and gives do's and don'ts taken from personal experience and observation. "One of the best books on how to write English that I have ever seen," says Rudolph Fleisch. By Edward J. Hegarty. 226 pages, \$3.50.

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(Print)

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Address.....

City.....Zone.....State.....

Company.....

Position.....HW-11-10

This offer applies to U. S. only.

"... one more headache for a market that already has plenty to worry about ..."

MARKET pictures start on p. 132

charge because delivery on the piers was not so convenient for the receivers as ordinary team-track delivery. The roads' position was that any inconvenience caused by the peculiar geographical setup of Manhattan was offset by the convenience afforded through the display and auction space provided. Team-track delivery wouldn't meet the needs of the market, even if it were provided.

• **New Plea**—Last June the opponents of the unloading charge reopened the case. Sure, they said, the roads perform an additional service. But the fact that the roads pay rent for the piers was taken into consideration when the freight rates were set. Pier rentals haven't increased, so the new unloading charge was gravy to which the carriers weren't entitled.

The hearing came up before a special ICC examiner, M. J. Walsh. On the basis of oral arguments, Walsh ruled that the rails hadn't proved the added charge was justified. The rails took exception. Now they must show in this month's oral argument that they established reasonable grounds for the charge.

Growers from California, Texas, Florida, and some 15 midwestern states have joined forces with the New York market against the four railroads. They include: California Fruit Growers Exchange, Growers & Shippers League of Florida, Western Growers Assn., Florida Fruit & Vegetable Assn., California Grape & Tree Fruit League, United Fresh Fruit & Vegetable Assn., and the National League of Wholesale Fresh Fruit & Vegetable Distributors.

• **Teamsters**—Also leagued against the roads are the local AFL teamsters and the Port of New York Authority. The port's stand is that the roads' move hurts the interests of the port.

The stakes are high:

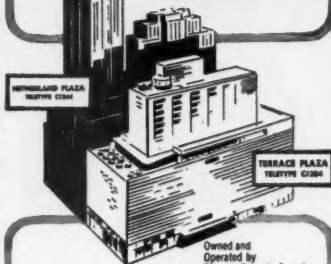
For the railroads, winning the case would mean added millions in revenue; it might also open the door to similar imposts on other freight coming to Manhattan by carload.

For the wholesale receivers and buyers in the market, the impost will probably mean further dwindling business. More incoming cars will stop on the Jersey side of the river, hence Jersey wholesalers might pick up some of the New Yorkers' business. If the produce has to be hauled by truck from New Jersey, it will mean further congestion of an already congested market that is struggling along on antiquated facilities.

For the growers the charge means

Cincinnati is famous for
Its Magnificently Modern

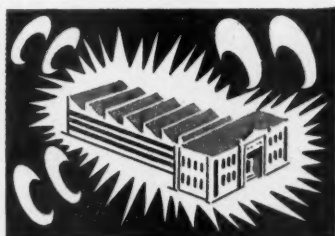
PLAZA
hotels



Owned and
Operated by
Thomas Emery's Sons Inc.
Cincinnati, Ohio

- ✓ 1200 rooms, all outside
- ✓ 7 restaurants famous for fine foods
- ✓ Inside garage
- ✓ Unexcelled convention facilities
- ✓ GOURMET RESTAURANT
Internationally famous

John G. Horsman, General Mgr.



Looking for trouble?

Of course not. But you may be inviting it if your industrial property is not adequately fenced. Saboteurs respect nobody's business. So why take unnecessary chances? Erect a Stewart Non-climbable Chain Link Wire Fence and be safe. Write, wire or phone for Catalog No. 85.



THE STEWART IRON WORKS CO., INC.

Stanley M. Stewart, Pres.

1816 STEWART BLOCK CINCINNATI 1, OHIO
Experts in Metal Fabrications Since 1886

Stewart IRON and WIRE FENCES

greater dependence on truck haulage and a shift to mainland terminals.

For the consumers in the New York metropolitan area, it means slightly higher retail food prices.

Actually the new charge is just one more headache to a market that already has plenty to worry about.

The Washington Market nurses its age-worn, crowded, and bruised facilities within an area of two square miles on the lower West Side of Manhattan. It lies right next to the waterfront pier stations—some 40 acres of piers and slips. While the market area is steadily depreciating in value, the pier area is estimated at around \$32-million worth of real estate. Within two and a half miles of this area the market has access to 18 cold-storage warehouses, with a gross cold-storage capacity of 13-million cu. ft.

• **Bustle**—Every night, when the shipments come in, the piers are a scene of hectic activity. The unloader stacks the produce on the pier where the buyers can look it over.

Buyers at the auction generally fall into two groups: service wholesalers, who supply retail grocers, and "purveyors," who supply restaurants, hospitals, and the like. To these people, the continued activity of the Washington Market is bread and butter. And they are struggling against odds.

The decrepit state of the facilities works against efficient operation. The huge trucks that haul the produce away have to fight for space. New York City's gross receipts tax is driving food wholesalers to New Jersey—it has cost the market the wholesale egg business, for one. Frozen vegetable and frozen orange concentrates are sold direct from producer to store; that means another loss to the market. Chain stores usually buy direct from the grower or shipper, bypass the market altogether.

• **Beneficent Atom**—To some, the situation is thick with gloom. Says Edward T. Finneran, an association leader in the purveying field, "The only thing that will change the existing frightful facilities of this market is an atomic bomb."

But some see a bit of hope in the gloom itself. One such is Mark Yeckes, veteran wholesale receiver. The prevailing bad conditions mean dwindling real estate values, more buildings and vacancies than ever before. That gives city officials a golden opportunity, Yeckes feels, to begin condemnation proceedings and get going on rehabilitation plans. The city and Port of Authority have had such plans on ice for the piers and market for some time—at costs ranging from \$27-million to \$78-million.

The ruckus over the unloading charge could provide the shock that would jolt these plans nearer the edge of the shelf.

Price War Echo

Sunbeam Corp. hurls \$6-million suit at Macy's for allegedly selling Mixmasters below wholesale price.

The price war that made the early summer lively in New York City has largely been forgotten by the public. But not by Sunbeam Corp., whose Mixmaster was one of the chief footfalls in the battle between Macy's and the other major department stores.

Last week Sunbeam brought an antitrust suit against Macy's in the U.S. District Court (BW—Oct. 27 '51, p. 28). The appliance maker claims that Macy's:

- Monopolized the sale of Mixmasters in the city for the 10 weeks of the price war by slashing prices below wholesale;

- Hurt Sunbeam's goodwill and trademark to the tune of \$2-million.

- **Unfair**—So Sunbeam wants to collect triple damages from Macy's to the extent of \$6-million. And it also wants to get an injunction restraining Macy's from various "acts of unfair competition."

Sunbeam claims that prior to the price war Macy's share of the Mixmaster market in New York City was approximately 3.3%. During the price war its share jumped as high as 69.2% one week, averaged 56.2%.

Things still haven't returned to normal. According to Sunbeam, in the week beginning Oct. 1, Macy's "did 29% of the total Mixmaster business in New York City."

Herman T. Van Mell, counsel for Sunbeam, adds that Macy's is still selling Mixmasters for less than the fair traded price of \$46.50. Last week you could get a Mixmaster at Macy's for about \$33.50.

- **Why?**—Aside from its technical aspects, the case raises some interesting points.

Why, for example, is Sunbeam sore at Macy's when the price war that Macy's touched off unloaded Sunbeam's stocks of appliances? That was at a time when appliance inventories were keeping the trade awake nights.

A reading of the legal brief makes the answer fairly obvious. Sunbeam's other dealers—or a lot of them—got mad as hops. Says Sunbeam: "After the price war had been in existence less than a week, Sunbeam was flooded with complaints from all across the nation from its thousands of dealers, all of whom complained that they could not afford to handle Sunbeam products in the face of Macy's unfair competition. . . ."

Yet it's not so simple as that. For despite the fact that dealers will scream their heads off about fair trade when

Save Time! Cut Costs!

Speed-Up Addressing with DUPLISTICKERS

Use these gummed, perforated letter-size sheets of 33 labels to expedite addressing and increase office efficiency.



MODERN METHOD OF ADDRESSING MULTIPLE MAILINGS, PREMIUMS, BULKY ENVELOPES, ETC.

Typists address 4 or more copies in one operation. 25 sheets (825 labels) 60¢ pkg., at stationery stores. White and 5 colors. Also special type for fluid duplicators.

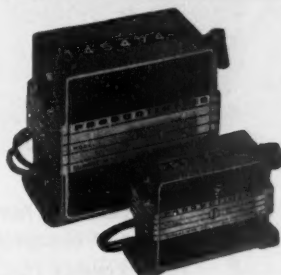
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Eureka Specialty Printing Co.
534 Electric Street
Scranton 9, Pa.

DUPLISTICKERS are made only by

EUREKA

2 NEW ELECTRIC PRODUCTIMETERS



Two Companion Counters . . . Two Sizes . . . Hi-Speed . . . Accurate . . . Long Life . . . Totally Enclosed

Speeds of 1,000 counts per minute. Both counters give maximum readability. Design fits all mounting conditions . . . panel mounting or base mounting. Hardened steel working parts for long life and dependability.

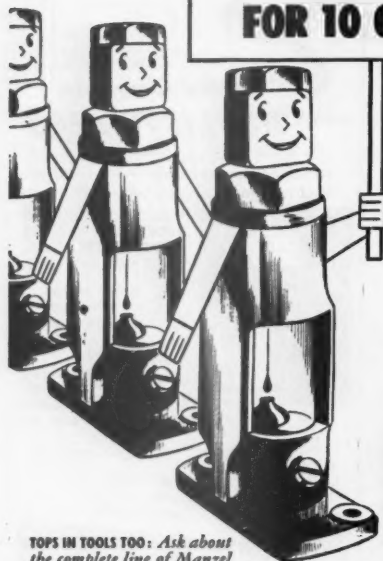
New type case for compactness, rigidity, and protection against dust and moisture conditions. Operate accurately over wide current fluctuations.

Write for "New Electric's Bulletin"

DURANT MANUFACTURING CO.
1906 N. Buffum St. 106 Orange St.
Milwaukee 1, Wis. Providence 3, R.I.
Representatives in Principal Cities

PRODUCTIMETERS SINCE 1879 Count Everything

WE'LL WORK 24 HOURS PER DAY FOR 10 CENTS!



TOPS IN TOOLS TOO: Ask about the complete line of Manzel Automotive Service Tools.

Without attention from highly-paid humans, Manzel Lubricators keep machinery running smoothly day after day. In labor alone they save thousands of dollars. In oil consumption they save as much as 90%. Costly breakdowns are prevented. Less than \$.10 per day amortizes purchase price and covers all operating costs.

On pumps, engines, and other machinery Manzel Automatic Force Feed Lubricators soon pay for themselves many times over. Write now for full information.

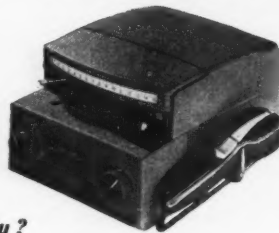


**333 BABCOCK STREET
BUFFALO, N. Y.**

IS IT TRUE WHAT THEY SAY ABOUT SECRETARIES?



... that the demand for
really good secretaries
far exceeds the supply?



True indeed! So, treat *yours* considerately. Make her life . . . and, incidentally, your own . . . easier, more pleasant, more productive by dictating to TYCOON. With this tireless, ever-ready equipment, you dictate when *you're* ready; your secretary transcribes to suit *her* schedule. Both of you save time, trouble, irritating delays and interruptions. Both get more done with less effort . . . make every working minute count—pay bigger dividends.

Take TYCOON with you on business trips. It only weighs 15 lbs. . . . works night or day in car, train, plane or hotel room. Mail coupon today. Learn how you . . . and your secretary . . . can take it easy . . . make it easy with TYCOON. Write Dept. BW-11, SoundScriber Corporation, New Haven, Conn.

SOUNDSCRIBER
Trade Mark

First All Electronic Dictating System • First Disc Dictating Equipment
230 Sales and Service Centers Coast to Coast

SOUNDSCRIBER CORP.,
New Haven 4, Conn.
Please send me "Tycoon" Brochure

NAME

ADDRESS

BW-11

competition hurts them, they don't hesitate to ignore fair trade when they want to unload excess stocks. The Sunbeam brief illustrates this clearly. One of the things that Sunbeam complains about is that Macy's "induces" Sunbeam's wholesalers and retailers to violate their fair trade contracts and sell Macy's Mixmasters at cut rates. (Approximately 97,000 of Sunbeam's 110,000 dealers are under fair trade contracts at this time.)

There's another moral that comes out of the case. It's simply that people have a lot of money in their pockets these days and if you give them a price they like they'll buy. The price war gave people a price they liked. And they bought.

• **Gets the Book**—In asking for triple damages, Sunbeam has pretty much thrown the book at Macy's.

Sunbeam vigorously attacks Macy's merchandising policies. It charges that in selling Mixmasters at \$26.59 Macy's was selling below the wholesale price (\$29.70).

Sunbeam calls it loss-leadering. The nub of its argument is this: "By taking a loss on Sunbeam's Mixmaster, Macy's has used Sunbeam's goodwill . . . to make people believe that everything in Macy's is a corresponding bargain." Sunbeam also attempts to show that Macy's famous "6% less" claim is meaningless.

Macy's only official comment on the case is that it will be "thrashed out in the courts."

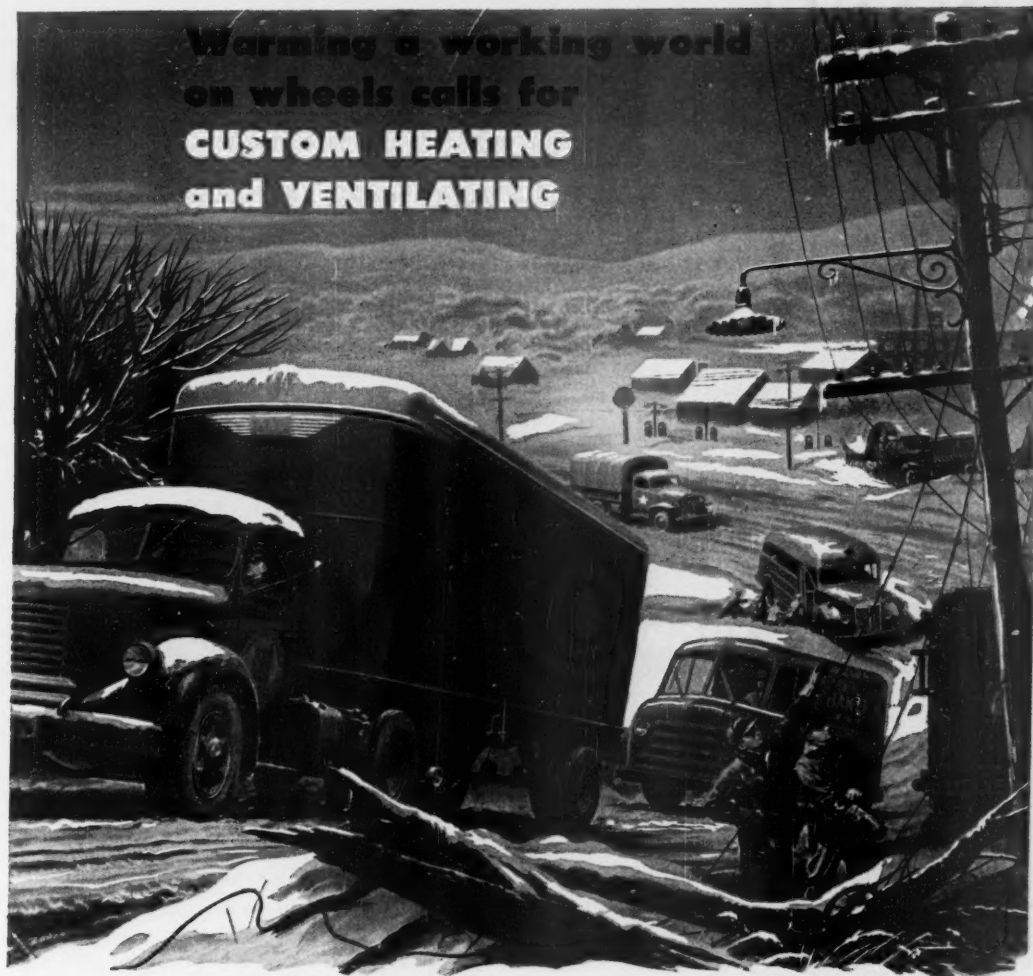
MARKETING BRIEFS

Go West—or South—if you're looking for customers who made the biggest income gains. Commerce Dept.'s Survey of Regional Trends in the U.S. Economy points out that from 1929 to 1949 individual income nearly tripled in those two areas. New England and the Middle East only doubled, but the Northeast still accounts for 35% of the country's total income.

• **The carpet industry's** first real price increase since March came last week. Bigelow-Sanford raised prices 2% on room-fit rugs, removed the 5% differential between square-yard prices of 27-in. and broadloom carpet. It also upped tags slightly on carpets and rugs of all kinds shipped from the Midwest and Far West warehouses.

• **Two variety chains** got together: G. C. Murphy Co., of McKeesport, Pa., with some 220 stores, clinched its deal to acquire the 71-store chain of Morris 5 & 10 Cent to \$1 Stores, Inc., of Bluffton, Ind., through a stock exchange deal.

Warming a working world
on wheels calls for
CUSTOM HEATING
and **VENTILATING**



Winter's icy fingers chill occupants of buses and trucks and endanger costly loads. Breaking their frigid grip calls for *custom* heating and ventilating—tailored to fit the particular vehicle, designed to warm the particular interior, engineered to utilize the particular engine heat.

For example: Door to door deliveries of fresh bakery bread suffered damage when low temperatures made textures tough. Evans *heating engineers* developed a heater particularly designed to produce a flood of warmth regardless of the opening and closing of truck doors for delivery. It protects delicate bread from damage. Evans' specialty is engineering fully efficient heat output from a perfectly balanced combination of Evanair fan, core, and sturdy heater motor. This engineering know-how produces exceptional performance.

Evans has successfully engineered tough jobs in school buses, snow plows, trailers, tanks, trucks, cargo planes . . . and homes needing low-cost comfortable heat. To solve problems in vehicle or shelter heating, consult *Evans Products Company, General Offices: Plymouth, Michigan. Plants: Plymouth, Mich.; Coos Bay, Ore.; Vancouver, B. C.*



EVANS

ENGINEERS IDEAS INTO INDUSTRIES



FINANCE

MOVIE MAKERS: A COMEBACK IN 1951?

Earnings for Fiscal Years						
	1939	1946	1947	1948	1949	1950
Columbia Pictures	\$2,000	\$3,450,000	\$3,707,000	\$565,000	\$1,008,000	\$1,981,000
Loew's, Inc.	9,842,000	18,692,000	11,626,000	5,310,000	6,745,000	7,854,000
Paramount Pictures Corp.	---	18,701,000*	10,735,000*	5,842,000*	3,261,000*	6,565,000
RKO Pictures Corp.	---	6,271,000*	D1,787,000	D5,596,000	D4,219,000	D5,832,000
RKO Theatres Corp.	---	6,073,000*	6,360,000*	3,974,000*	4,173,000*	1,196,000*
Republic Pictures	1,061,000	1,098,000	570,000	D350,000	487,000	761,000
20th Century	4,147,000	22,620,000	14,004,000	12,509,000	12,415,000	9,553,000
United Paramount Theaters	---	20,498,000*	17,505,000*	16,727,000*	17,575,000*	12,142,000*
Universal Pictures	2,253,000	9,196,000	6,745,000	D3,163,000	D1,126,000	1,356,000
Warner Brothers	1,741,000	19,425,000	22,095,000	11,837,000	10,467,000	10,272,000

*Pro forma. Paramount split on Dec. 31, 1949; RKO on Dec. 31, 1950.
D—deficit.

THIS YEAR'S SHOWING SO FAR

	1950	1951	
Columbia Pictures	\$1,981,000	\$1,498,000	Fiscal year ending June 30.
Loew's, Inc.	6,019,000	5,568,000	40 weeks ended Jun. 7, '51, Jun. 8, '50.
Paramount Pictures Corp.	2,826,000	2,832,000	Six months ended June 30.
RKO Pictures Corp.	NA	D735,000	Six months ended June 30.
RKO Theatres Corp.	NA	552,000	Six months ended June 30.
Republic Pictures	831,000	728,000	39 weeks ended July 28, '51, July 29, '50.
20th Century	3,158,000	1,071,000	Six months ending June 30.
United Paramount Theaters	6,885,000	5,125,000	Six months ending June 30.
Universal Pictures	979,000	1,127,000	39 weeks ended July 28, '51, July 29, '50.
Warner Brothers	7,316,000	5,809,000	Nine months to May 26, '51, May 27, '50.

Movies Come Out of the Dog House

The jingling at Hollywood's box office has caught Wall Street's ear. Movie attendance, which started picking up this summer (BW—Sep. 15 '51, p118), has leveled off at an encouraging figure, despite the return of the top TV shows to provide competition. In recent weeks, quite a few brokerage houses have put out special market letters, suggesting that their customers should think seriously about buying the movie shares as a good speculation.

• **Undervalued**—The argument runs like this: The movie shares appear undervalued, compared with the market as a whole. Many of them yield from 8% to 10%. Dividends will be maintained, because higher box office re-

ceipts and strict attention to cost-cutting make it almost certain that second-half earnings will be better than the mediocre figures reported earlier this year (table, above).

This means—so the argument goes—that Hollywood has turned the corner. It has adjusted itself to TV. According to the optimists, the two industries eventually will enter into a profitable marriage. Some movie men think they may be able to use their lots to make new films specifically for TV, and old films carried on the books at little or nothing will bring in new revenue from TV.

Furthermore, because of lush 1946 and 1947 earnings, the movie com-

panies are in a sheltered position as regards the excess profits tax.

Analysts who are bullish on the movies go on to argue that people are now pretty well supplied with the durable goods they needed after World War II. From here on, they'll be able to spend more on nondurables, including movie tickets. They'll be tempted to spend more on movies, because Hollywood is making better pictures. Finally, brokers talk hopefully about the prospects of receiving from abroad a larger part of funds that have been blocked in foreign currencies.

• **Shares Go Up**—Investors have been pretty receptive to this line of reasoning. Ever since it became apparent that

movie attendance was picking up, the shares started to climb. They were one of the groups that got a whirl in the weeks before the break in the bull market. Since then they have dropped off a bit more than the market as a whole.

• **On the Other Hand**—Some analysts may be right when they predict a period of modest prosperity for Hollywood, with reasonably secure dividends and possible capital gains. But there are plenty of things that can upset the applecart.

A lot of people who know Hollywood well refuse to believe that the major studios can make a cost-cutting program stick. Reports are that costs have been reduced from 25% to 33% below 1947. But there's an old saying that when the devil is sick he gets religion. If Hollywood has a string of successful pictures, will it continue to hold the line on costs?

• **Near "Normal"**—Even if Hollywood does keep costs down, that might not be enough. After all, nobody can be sure yet what Hollywood's "normal" weekly U.S. audience is going to be. According to the best available count, it rose to a peak of 80-million weekly in 1946, gradually dropped to as low as 53-million last spring, and has now leveled off at around 57-million or 58-million. Perhaps Hollywood may not be able to hang on to this 58-million.

Finally, suppose the movie makers do increase their profits. You can be sure that the movie unions, as well-organized as any in the U.S., are going to demand a share of the take for their members.

Nearly as important as the cost-cutting program are the prospects of increased remittances from overseas. In prewar days, the movie makers used to say that the U.S. box office paid for their costs, and the foreign box office provided the profits. Lately, the companies have been getting larger remittances from overseas than previously.

The catch is: What will happen if the British, French, and other currencies go on weakening, as they have lately? You can expect that authorities abroad will slap on new restrictions to prevent loss of dollars.

• **TV Nuptials**—Furthermore, the coming marriage between Hollywood and TV, though probably written in the stars, is still in the courting stage. The Federal Communications Commission might call it off, though chances are that it will be indulgent. FCC is scheduled to start hearings Jan. 15 on the proposed merger of American Broadcasting Co. with United Paramount Theaters (BW—Jun. 2 '51, p20).

There are a lot of other problems to be cleared up. When they have been solved, the movie business may be quite different from what it is now. The marriage with TV may be profitable to



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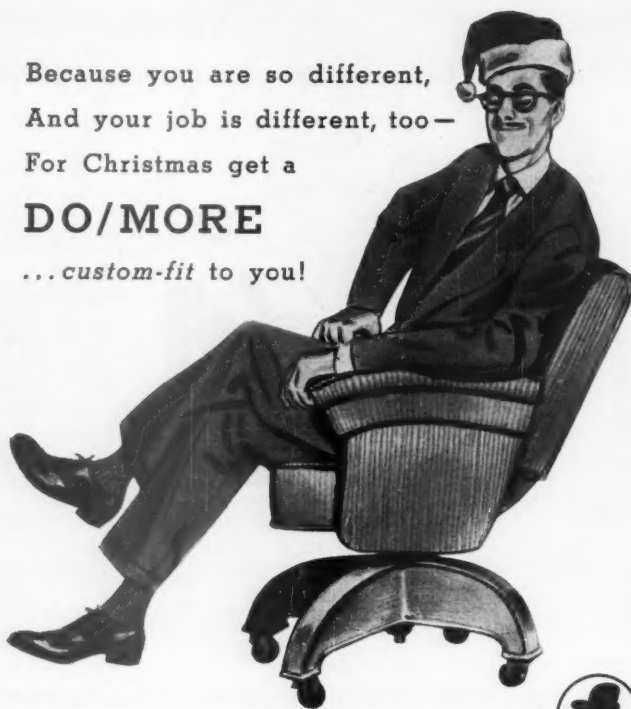
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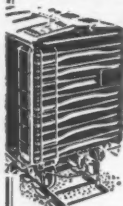
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Standard Railway Equipment Manufacturing Company



DIVIDEND NOTICE

The Board of Directors today declared a quarterly dividend of Twenty-five Cents (25c) per share on the Capital Stock, payable Dec. 1, 1951, to shareholders of record Nov. 15, 1951. The Board of Directors also declared an "extra" dividend of Twenty-five Cents (25c) per share on the Capital Stock, payable Dec. 1, 1951, to shareholders of record Nov. 15, 1951.
C. N. Wesley
Treasurer
October 19, 1951



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PLANNING EXPANSION?

WEST VIRGINIA



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A new outline of West Virginia's opportunities for new or expanding industries — now available to company executives from the West Virginia Industrial and Publicity Commission, State Capitol, Charleston 5, West Virginia

some segments of the movie business. But it won't be profitable for all.

For one thing, many of the smaller movie houses may disappear, forced out by big theaters with expensive large-screen TV and other features (BW—Sep. 15 '51, p. 118), and by drive-ins.

• **Subscription**—For another, the \$1-million-plus features made by Hollywood are scarcely suitable for home TV as we know it today, unless sponsors can be found who will pay huge fees for a few minutes of commercial. That's not likely; so some kind of subscription TV must be developed. Assuming that, later on, the "normal" TV count will be 20-million or 25-million sets, how many set owners can be relied on to pay 50¢ or \$1 to see a new picture—once the novelty has worn off—when they can see older ones for nothing? If subscription TV is financially successful, what will that do to the exhibitors?

Suppose the movie makers—or some of them—release their films to TV: not just the ancient ones, but films only a few years old. Won't that hurt their attempts to push subscription TV? Can both approaches be profitable?

Legal obstacles have already popped up on the use of old films on TV. Roy Rogers has secured an injunction forbidding Republic to lease his old films to TV, though the case has been appealed. Gene Autry is filing a similar suit against Republic.

• **Independents**—All these problems could lead to something like this: The major studios, made top-heavy by their overhead, might be supplanted by independent producers who rent the big studios to make Class A films for, say, \$100,000 to \$150,000. They would have a lot more elbowroom in regard to subscription TV and movie theaters. That is, they could make a profit on much smaller box office receipts. The small studios might also develop along this line.

Or if subscription TV doesn't succeed, some of the smaller movie makers—and perhaps big ones, too—could perhaps eke out by making a big volume of half-hour or other short TV films on low budgets, say \$25,000. They might not make money on this, except in the sense that it cut their overhead on wasted studio space and unused time of salaried personnel. Perhaps they could help build up their own stars this way.

This week there was a move in this direction. Decca Records and Universal, one of the smaller studios, plan to merge. The main reason must be TV. Universal has a subsidiary that has been making 16mm. home movies. Decca has 48 franchised agencies around the country that distribute Decca records. The subsidiary could make short films for TV, and the agencies could sell them to local stations.

How to "Corral" Wild Horsepower

Gasoline is, of course, a tremendous source of horsepower—but this energy is first controlled through the mixing of fuel and air in the carburetor of an engine.

In the laboratories of the Engineering Staff at the General Motors Technical Center where automotive carburetors are tested, this control is made even more complete by keeping temperature and humidity so constant that the volatility of the gasoline is not affected. Only in this way can standardized carburetor flow tests be made possible.

Uniform temperature and humidity are maintained—in this particular laboratory—by means of a remote installation of Frigidaire Air Conditioning equipment. But whatever your own plant's air conditioning needs are, you'll find that Frigidaire has the equipment to meet your needs quickly and inexpensively.

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For details, call your nearby Frigidaire Dealer, Distributor or Factory Branch. And ask, too, for Frigidaire's free Refrigeration Security Analysis. Look in the Yellow Pages of your phone book. Or write to the Frigidaire Division of General Motors, Dayton 1, Ohio. In Canada, Leaside (Toronto 17), Ontario.

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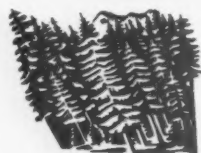
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PRODUCER
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COMMON DIVIDEND

The Board of Directors has declared a quarterly dividend of seventy-five cents (75¢) per share on the Common Stock, payable November 15, 1951 to stockholders of record at the close of business October 26, 1951.

R. L. LINGELBACH
Secretary

October 25, 1951

CURRENT ASSETS (Billions of Dollars)

	Cash	Gov't Bonds	Receivables	Inventories	Other	Total
1939: Dec. 31	\$10.8	\$2.2	\$22.1	\$18.0	\$1.4	\$54.5
1946	22.8	15.3	30.7	37.6	1.7	108.1
1947	25.0	14.1	38.3	44.6	1.6	123.6
1948	24.9	14.3	40.8	49.3	1.6	130.8
1949	25.9	16.3	40.3	44.6	1.4	128.6
1950: Mar. 31	24.7	17.4	40.7	44.9	1.5	129.3
June 30	25.9	18.3	43.0	45.3	1.6	134.2
Sept. 30	26.9	19.5	47.8	46.9	1.8	143.0
Dec. 30	26.9	19.9	50.0	51.9	1.7	150.5
1951: Mar. 31	26.2	20.4	51.0	55.7	1.9	155.3
June 30	26.8	20.2	50.8	58.6	2.0	158.4

CURRENT LIABILITIES (Billions of Dollars)

	Accounts and Notes Payable	Taxes Payable	Other	Total
1939: Dec. 31	\$21.9	\$1.2	\$6.9	\$30.0
1946	31.6	8.5	11.8	51.9
1947	37.6	10.7	13.2	61.5
1948	39.3	11.7	13.2	64.1
1949	35.6	9.8	13.1	58.5
1950: Mar. 31	34.7	9.8	13.3	57.8
June 30	36.2	10.3	13.8	60.4
Sept. 30	40.3	12.3	14.5	67.1
Dec. 31	44.6	15.5	14.6	74.7
1951: Mar. 31	45.7	16.5	15.2	77.5
June 30	47.2	17.2	15.0	79.4

NET WORKING CAPITAL (Billions of Dollars)

1939: Dec. 31	\$24.5	1950: Mar. 31	\$71.5
1946	56.2	June 30	73.8
1947	62.1	Sept. 30	75.9
1948	66.7	Dec. 31	75.8
1949	70.1	1951: Mar. 31	77.8
		June 30	79.0

Working Capital Still Grows

U.S. corporations are going into the second year of the defense program with more working capital than ever before. They'll need it. You can tell that by taking a look at what is happening to the ratios the financial analysts watch.

Corporate working capital jumped to another all-time record in the second quarter of 1951. At midyear current assets of all U.S. nonfinancial corporations covered current liabilities with \$79-billion to spare, according to Securities & Exchange Commission estimates issued last week. That's \$1.2-billion above the previous record set three months before.

There was less cheerful reading to be found in other parts of the SEC report (above). For example:

- Only manufacturing companies showed a rise in working capital during the period. All other major industry groups fell off.

- Corporate liquidity did not rise along with working capital. On the contrary, the trend away from liquidity that became noticeable early in 1950 was continued.

Current assets covered current liabilities only 1.99 times. In March, 1950, the figure was 2.24 times, although working capital was \$7.1-billion less. Quick assets (cash, governments, and

Who said this business is "peanuts"?



Another packaging achievement developed by Canco

Today, the nut business is as big as an elephant.

One of the things that helped it grow was the development of the vacuum-pack can.

Here's why. Packers wanted a container that would keep the crisp flavor-freshness of the nuts indefinitely; that would stand wear-and-tear of shipping and shelf, and would sell on sight.

"Can you make such a container?" the nut packers asked. "We can," Canco told them. And here's what Canco came up with:

A can with a vacuum seal which keeps out oxygen, the enemy of freshness and the principal cause of rancidity.

In addition to this long-life protection, the can provided convenience and a fine surface for effective labeling; and instant self-service brand recognition.

You'll see cans like this in stores all over the country today, packaging peanuts, a great variety of other nuts, and cocktail assortments.

For 50 years now, Canco has been coming up with the answer to an endless variety of packaging problems, benefiting many businesses in many fields. And Canco will continue to pioneer improvements for its customers.

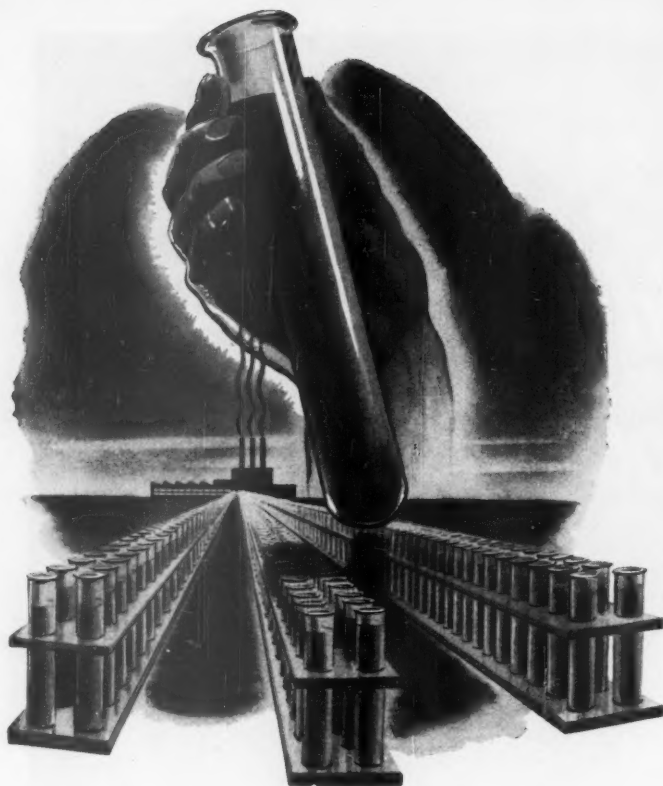


1901-50TH ANNIVERSARY-1951

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During our 67 years we've produced many millions of gallons of protective coatings, adhesives, and solvent blends. As a consequence, a product rating of "GOOD" would seem reasonable.

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receivables) covered debts only 1.23 times, compared with 1.43 times at the earlier date. Cash and governments alone were only 59% of liabilities, instead of the earlier 73%.

This trend toward less liquidity probably hasn't run its course yet. Two factors have been mainly responsible: (1) soaring "taxes payable," and (2) larger inventories.

Taxes are certainly going to stay high. That means business will have to speed up the conversion of goods into receivables and cash if it hopes to reverse the trend away from liquidity.

Santa Fe Will Mine New Mexico Uranium

The Santa Fe railway has formed a new corporation, the Haystack Mountain Development Co. to mine uranium ore recently discovered on property owned by the railroad near Grants, N. M. The new company is organized under Delaware law with broad charter powers. All stock is owned by the Atchison, Topeka & Santa Fe railway company.

Haystack is negotiating with Anaconda for the sale and delivery of ore when mined. Anaconda is negotiating with AEC for permission to construct a processing mill.

Nationwide attention focused on Grants earlier this year (BW-Mar. 3 '51, p102) when rock-bearing uranium ore was discovered on Santa Fe property by Paddy Martinez, a 59-year-old Navajo sheep raiser. Thomas O. Evans, Santa Fe's mining engineer at Los Angeles, reported that the find justified further exploration.

Soon afterward Santa Fe appointed Conrad W. Thomas, former Director of Safety at Los Alamos, as mining engineer for the coast lines, freeing Evans to concentrate on Haystack.

Court Holds Last Rites For Vans' Old Empire

The bones of the fabulous Van Sweringen railroad empire were finally laid to rest last week. With a stroke of the pen, Cleveland probate judge Nelson J. Brewer put an end to the Vaness Co., liquidating agent for the Van Sweringen creditors.

The dissolution of Vaness Co. closes the book on 20 years of legal and financial maneuverings. They began when the far-flung railroad and real estate operations of the late Oris P. and Mantis J. Van Sweringen started going sour after the 1929 stock market crash. The Vaness Co. was a key holding company in the vast structure that the

Vans had built up over a quarter-century.

• **Empire**—At their peak, the brothers controlled about 80 railroads, with 21,000 miles of track and a value of something like \$3-billion. Among other roads, they controlled the Nickel Plate, Chesapeake & Ohio, Missouri Pacific, Erie, and Pere Marquette. They built the Cleveland Terminal and its attendant cluster of buildings in downtown Cleveland. The Vans died in the later 30's, after their empire had got into deep trouble.

All that was left last week was Vaness Co., with unpaid debts of nearly \$61-million. Judge Brewer's pen wrote off those debts and some worthless assets still in the Vaness portfolio.

Biggest creditor was J. P. Morgan & Co., Inc., now a commercial bank. Its claim of \$53-million stems out of a loan made in the days when J. P. Morgan was a private banking firm and the Vans looked like a good bet.

FINANCE BRIEFS

Heavy new financing is in the cards. Among offerings under discussion or ready to go include: \$8-million to \$40-million of bonds by Central Illinois Light, Colorado Fuel & Iron, Detroit Edison, Gulf States Utilities, Long Island Lighting, Sylvania Electric Products, Virginia Electric & Power. Offerings of new preferred or common, from \$5-million to \$10-million, are on the fire at Abbott Laboratories, Consolidated Grocers, Granite City Steel, Merritt-Chapman & Scott, Standard Oil of Ohio.

Robert R. Young has entered the air transport field via his Alleghany Corp. Alleghany holds 110,000 shares—or 11%—of the outstanding common of National Airlines. It's probably part of the 174,000-share block that National acquired last summer from W. R. Grace & Co., for redistribution (BW—Sep. 5 '51, p96).

Norfolk & Western Ry., the only major domestic rail carrier not using diesels (BW—Nov. 18 '50, p112), still prefers coal and steam. It will soon build 21 more coal burners—15 switchers, six heavy-duty freight engines.

Underwriters in Wall Street last week unloaded hefty remnants of early-1951 offerings that had turned sour when the Federal Reserve Board pulled the pegs from under the government market. Some Southern California Edison 2½'s were reported sold at 94% of par, compared with their original public offering price of 101.34%.

Just where is the best spot for your new plant?



Could it be the CINCINNATI Area?

We'll gladly measure its advantages against your needs . . . supply the facts to help you decide. And without publicity.

Would central location be of advantage to you? 40% of the nation's "buyingest" population lives within easy, low-cost reach . . . in a 400-mile circle.

Would nearness to heavyweight basics fit your plans? Coal and steel are practically at your doorstep.

Would you rate transportation facilities high on the list? The Ohio River connects you with the entire Central United States . . . serves as a main artery of minimum-cost transportation. Cincinnati is also a point-of-origin on

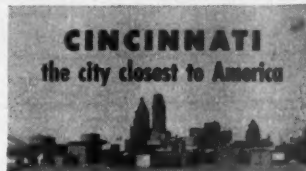
eight major trunk rail lines and over a hundred interstate truck lines.

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These would be advantageous to *every* business, of course. But you have specific requirements, specific problems, connected with *your* expansion plans. We'll gladly answer all your questions with an individual study and confidential report . . . to help you decide whether this area is the best spot for *your* new plant.

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Motor Repairman Says KLIXON Protectors Best Protection Against Motor Burnouts

MEMPHIS, TENN.: Garth Leslie, Foreman of fractional HP motor repair at Camp Electric, has seen hundreds of KLIXON Protectors in action. He says:

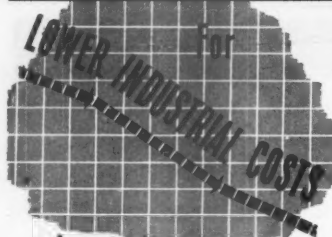
"Hundreds of fractional HP motors are repaired yearly in our shop. Based on my experience I am convinced that the KLIXON Inherent Overheat Protector, as applied by the motor manufacturer, is the best protection against motor burnouts."

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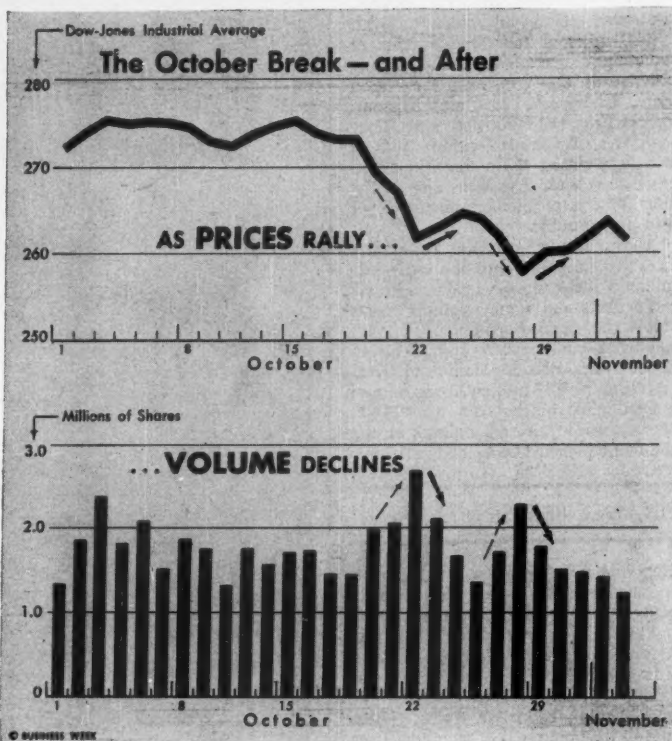
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THE MARKETS



Stock Market: Which Way?

What's the significance of last month's stock market break, and what has been going on since? When all the returns are in, is it going down in history as:

- (1) A sharp, but temporary, reaction?
- (2) A real correction that will take the Dow-Jones industrial average down to 240 or even lower over the next few months?
- (3) Or, worst of all, has it marked the turning point towards a bear market with prices skidding downward for a protracted, indefinite period?

Frankly, Wall Street still doesn't know.

That's not to say that it is at all worried about the advent of a bear market during coming months. Except for a few incorrigible bears, it isn't.

• **Disagreement**—No such unanimity of opinion is apparent, however, on the extent of the current correction. Whenever the Dow industrial average has moved higher since Oct. 22, trading volume on the New York Stock Exchange has dropped markedly (chart, above). And to many this has been an

ominous sign. To them it indicates that sellers still outnumber buyers. And when that happens, it usually means that lower prices are ahead.

Obviously, this unfavorable technical factor could clear up overnight as it has on other occasions since the bull market has been in progress. All that's needed is the right kind of news.

This time, however, the less-optimistic group doesn't expect it to do so. Absent now, for example, are the inflation fears that until recently were mainly responsible for driving prices ever higher. Earnings are likewise moving definitely downward. Due to quirks in the new tax law, yearend tax selling is expected to rise above normal levels (page 149). Some dividend cuts, in addition to the prominent ones already seen, similarly appear likely. And in the air is the possibility of a new "peace offensive."

• **And Then?**—What would happen if in coming weeks the Dow should break through the 240 level? Plenty, according to most of the Street's crystal readers. Technically, that's supposed to be

a strong "support" level. An approach to that figure, as technicians see the market picture, should touch off considerable buying. And if this didn't occur, they say, the fat would be on the fire.

However, in this respect it might be well to keep something else in mind. Next year is an election year. The Administration will work for full employ-

ment and probably will be willing to see wages go higher. That means plenty of money will be in consumer hands for spending at a time when civilian goods may be much scarcer than they are now. That could well mean another burst of inflation fears. And thus far, as the market charts show, inflation fears result in higher stock prices.

Tax Law May Spur Yearend Sales

Wall Street opines that the new tax law is going to kick off an unusual amount of yearend tax selling in the next six weeks. One reason: The law hikes the present 25% tax on capital gains to 26% in 1952. Another: It changes the method by which you will figure long-term capital gains and losses for tax purposes.

After Dec. 31, you no longer can use \$1 of short-term loss to offset \$2 of long-term gain. A \$1 short-term loss will offset only \$1 of long-term gain. If you keep your books on some basis other than the calendar year, the cut-off date may come sooner.

• **Spelled Out**—Under the old law, long-term capital gains and losses were reported for tax purposes at 50%, while short-term gains and losses went into your return at 100%. The new law provides that you report long-term capital gains and losses at 100%, too.

This means that if you have net long-term gains and net short-term losses, and the long-term gains exceed the short-term losses, it will be better to take them all this year. This is a position that many investors are likely to be in now. In other cases, it is better to wait until next year to take your capital gains and losses; in some cases, the new tax law makes no difference.

There are several possibilities you may be faced with:

(1) Suppose your net long-term gains exceed your net short-term losses.

For example:

Net long-term gain	\$3,000
Net short-term loss	1,000

Under the new law, you will have \$2,000 taxable gain if you take these gains and losses in 1952. But if you take them this year, it's like this:

Net long-term gain	\$1,500
(50% of \$3,000)	
Net short-term loss	1,000

Taxable gain

(2) Suppose your short-term loss is greater than your long-term gain:

Net long-term gain	\$1,000
Net short-term loss	3,000

If you took the gains and losses this year, you would have a loss—for tax

purposes—of \$2,500, since you declare only half the long-term gain. If the situation were the same next year, you would have a \$2,000 tax loss. But since the market is unpredictable, this factor alone shouldn't determine your decision. Furthermore, you can deduct only \$1,000 of the loss in one year from your other income. The remainder of the loss can be used to offset capital gains and other income over the following five years.

(3) Suppose your long-term losses are greater than your short-term gains.

For example:

Net long-term loss	\$3,000
Net short-term gain	1,000

In 1952, assuming things stay the same, you have a tax loss of \$2,000 for tax purposes. This year, however, you count the long-term loss at 50% of \$3,000, or \$1,500. So you have a tax loss of only \$500. You would do better to wait until next year to take the losses and gains.

(4) Suppose you have long-term losses less than your short-term gains.

For example:

Net long-term loss	\$1,000
Net short-term gain	3,000

If you took them this year, you would have a taxable profit of \$2,500. If you wait until next year, the long-term loss would be worth twice as much as a tax offset, and you would have a taxable profit of only \$2,000.

(5) Suppose you have net short-term losses and net long-term losses. On tax grounds, you'd do better to take them in 1952, since the long-term losses will count twice as much then.

(6) Finally, suppose you have both net short-term and net long-term gains. It doesn't matter when you take them, since you don't have anything to use as a tax offset.

Incidentally, if you're reporting on a cash basis and want to establish a capital gain this year by a sale on the New York Stock Exchange, you'd better sell by Dec. 26. You should allow three full business days for collection of funds, and you must have the money in hand by the end of the year. But you can sell as late as Dec. 31 to establish a loss.

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DEFENSE BUSINESS

Steel Supply Is Still Tight

Despite industry claims, structural steel is harder to get now than ever—due mainly to plant expansion. But some relief should come by third quarter of next year.

Steel users last week had good reason to find themselves in a state of considerable confusion. The cause lay in a clash of opinion between the steel industry and Defense Production Authority as to how the supply stands.

• **Overproduction?**—It started when Eugene Grace, chairman of Bethlehem Steel Co., said that he sees nothing ahead but overproduction—and soon. Other steel men went even further, hinting that a period of plenty is already here. The only reason nobody knows about it, they claimed, is because the government planners are standing in its way.

Back came defense mobilizer Charles E. Wilson with a flat, almost violent denial that the U.S. has an easy steel supply. We would have enough steel, he said, only if the economy collapsed.

• **Still Tight?**—Actually, the positions are closer together than they seem. Right at the moment, steel is really tight—perhaps tighter than it has been at any time since the outbreak of war in Korea. But at the same time, it now seems to be getting fairly clear that—barring a sudden boost in defense requirements—the situation will ease up to a great extent beginning the third quarter of next year.

What makes this a reasonably sound possibility is the structural-steel picture. Most of the increased steel output has been in this form because the No. 1 defense job has been plant expansion. And a big part of this expansion has gone into the steel industry itself—the building of new plants for higher steel production. Construction of a steel mill takes so much heavy structural steel itself that the industry has had to roll itself into a tight-supply situation just to expand.

• **Steel for Steel?**—Now it can soon start rolling out of it. A good bit of this expansion has been finished—at least on the structural-steel level. Because of that, and because the new plants will be turning out steel, too, the supply situation should ease in two ways.

Just last week, for example, a new Jones & Laughlin open-hearth shop began producing. But it hasn't been finished yet, so it is still consuming more steel than it produces each day. By next April, it will be consuming no

more steel, but producing at the rate of 2-million tons a year.

• **"One-Shots"**—Look at it another way. Much of the push for steel so far has been for "one-shot" projects. For example: You need a lot of steel for 12 new lake ore carriers, but once you have it you're out of the market. The same thing applies to new steel plants, jet-engine plants, and so on. In other words, up to now a large proportion of our steel has been going for facilities rather than for extended, repetitive uses. Once these facilities are in place, you can use the steel you make for other purposes.

• **Not So Rosy?**—One big danger in these facts, of course, is that they make the picture look a lot rosier than it really is. None of this means that, come the end of the second quarter of 1952, supply and demand will suddenly be in balance; as things stand now, no such thing could possibly happen. What it does mean is that third-quarter allocation tickets should be cashable as issued without the big scramble it takes to cash them now.

As the Defense Production Authority sees it, CMP will have to stay in structural steel for a long time yet. This estimate is based on a continuation of the government's present plans for the cold war buildup. So as things are programmed now, DPA expects to see direct military demand for structurals hit its peak by the third quarter of 1952 and then taper off.

• **The Schedule?**—It figures that requirements for atomic-energy projects should begin to drop after the middle of next year. Likewise, defense-supporting industrial expansion should peak in the second quarter of 1952 and then drop off sharply. Transportation equipment—rail and water—should follow somewhat the same pattern, but a little more slowly because of deferrals. And by the final quarter of 1952, DPA expects commercial and residential construction to get a substantial tonnage of structural shapes.

Many things could prevent some or all of this easing of supply from actually taking place. One of them is failure of steel production to rise as scheduled. The DPA estimates are based on its belief that in the first quarter of next



125,000 Travelers Daily Using New Port Authority Bus Terminal

One of the busiest places in New York is the glistening new Port Authority Bus Terminal at 8th Avenue and 41st Street. All commuter lines entering the city now use the new terminal, plus a majority of lines serving more distant points—adding up to a daily total of 125,000 passengers arriving and leaving in 5200 buses. The terminal's peak-hour capacity is 570 commuter and 150 long-distance departures an hour—an average of 12 a minute.

The new terminal, built with a framework of Bethlehem Structural Steel, is splendidly fulfilling its two main purposes: to ease traffic congestion in New York's midtown streets, and to make bus travel into and out of the city more convenient and comfortable, and much faster, especially for commuters. Since the terminal was opened early last winter, travel by bus has risen steadily as more and more passengers have learned the advantages of the new facilities.

The Port Authority Bus Terminal, built and operated by The Port of New York Authority; John M. Kyle, chief engineer; Frank Carey, resident engineer. Steel fabricated and erected by Harris Structural Steel Co. Structural steel in terminal and ramps, and steel pipe for radiant-heating of ramps, by Bethlehem Steel Co.



Front of bus terminal, showing main passenger entrance. Bethlehem Structural Steel was used both in the terminal and in the ramps leading to Lincoln Tunnel. The roof of the terminal forms a 3-acre parking lot with a capacity of 450 cars.



Passengers boarding a long-distance bus on terminal's lower level, which is set apart for this type of traffic. Buses to the many suburban points depart from the top level.



The system of ramps, linking terminal with Lincoln Tunnel under Hudson River, is radiant-heated, using Bethlehem Rayduct steel pipe, for freedom from ice and snow.

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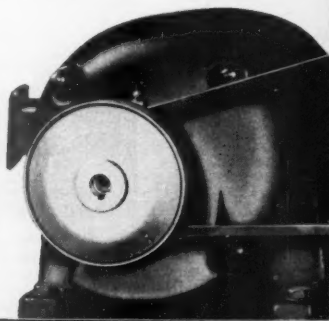
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Textile Machinery
Washing Machines



year the mills will boost structural output to 1.4-million tons—an increase of 105,000 tons over the current quarter. And before the end of 1952, they hope to squeeze another 1% or 2% out of the same mills.

• **Production Outlook**—If all this happens as scheduled, over-all production should take a pretty sizable jump within the next 18 months. Right now, the industry is producing steel at the rate of 104-million tons a year. Some optimistic guesses are that it won't be too long before that figure rises to 118-million tons. And in that case, Eugene Grace could be right about our having overproduction soon.

DPA doesn't see it that way. It thinks that by the end of 1952 there should be enough steel to satisfy all defense and civilian demands that are important to the nation's safety and economy—including commercial construction. But it also figures that there will be other demands that have been dammed up all this time and that cannot be satisfied even at that time without some direction. It's for that reason that many agency people think that CMP for structurals—and for other scarce metals products—will have to be extended through 1953.

Deal and Re-Deal

New move in the Westinghouse management shuffle lumps all defense work into one department.

Westinghouse Electric Corp. this week announced the latest revision in a top management reorganization that has been under way off and on ever since 1949 (BW—Oct. 27 '51, p. 114).

The new move bundles all of Westinghouse's defense work (about 35% of sales) into one operating department on a par with the other two major groupings—industrial products and consumer products.

Here's a rundown on the changes:

• **L. E. Osborne**, formerly vice-president of general products, becomes executive vice-president in charge of defense products. That's a new title at Westinghouse. Osborne drops his second job of manufacturing vice-president. That was a staff position coordinating all the company's manufacturing activities.

• The general products group is abolished. Some of its product divisions—atomic power, electronics, X-ray—are put under Osborne's new defense bailiwick.

• Other divisions formerly under general products are split between consumer and industrial. The lamp division

becomes part of consumer products; the Bryant (wire, plugs), elevator, and Sturtevant (air-conditioning) divisions fall into industrial products.

• Labor relations is pulled up to a top staff level. Heading it is Tom Turner. He has been vice-president of labor relations under Osborne; now he'll report directly to Gwilym A. Price, president. Turner will also take on Osborne's old role of manufacturing vice-president.

Ceilings Move Up

OPS has lifted some of the weight off manufacturers' prices by amending two big regulations.

The Office of Price Stabilization has finally and formally amended its two big manufacturers' regulations to conform with the Capchart amendment.

The changes will mean higher ceilings for thousands of manufacturers now operating under Ceiling Price Regulations 22 (general manufacturing) and 30 (machinery and related products). In some cases, though—where cost decreases occurred before July 26, 1951—rollbacks may result.

Major provisions of the original orders have been left intact. But the base periods, cutoff dates, and definitions of allowable cost increases have been modified to bring them into line with the new law.

• **Whenever You Like**—Higher ceilings can go into effect as soon as proper notices are filed with OPS; the required applications—Public Form 100—will be available to businessmen at all OPS regional and district offices within a few days.

However, you must begin pricing under the amended regulations by Dec. 19—if you are still under the General Ceiling Price Regulation and have not yet adopted Regulations 22 and 30. If you have already switched to these orders, you can ignore this week's amendments for as long as you like.

Here are the principle differences between the orders as originally issued in April and the modified version put out this week:

• Only changes in the cost of factory labor and manufacturing materials could be used in figuring higher ceilings when Regulations 22 and 30 were first put out in April. Now the amendments allow most overhead cost increases as well, except where they are found to be "unreasonable or excessive." Still excluded, however, are: depreciation in excess of normal; profit distributions under profit-sharing plans or as bonuses; interest; excess ex-



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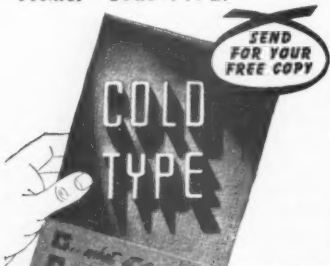
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pense accounts or entertainment costs; income or profits taxes; inventory losses; charitable contributions in excess of those recognized by the income tax laws.

- Labor and material cost increases through Mar. 15, 1951, at the latest, were all that manufacturers could figure into ceilings under the original regulations; now the date is July 26, 1951.

- Pre-Korean base periods under the old orders were any of the four calendar quarters between July 1, 1949, and June 30, 1950. The amended orders set up base periods of (1) Jan. 1, 1950, through June 24, and (2) either of the first two quarters of 1950.

- Cost increases originally had to be figured from the end of the base period selected. Now manufacturers can choose between: (1) adding increases to the highest price of the Jan. 1-June 24 period, (2) adding increases to the June 24 price, or (3) adding increases to the prices charged on the last day of the first two 1950 quarters.

In a few days, OPS will bring the rest of its manufacturing regulations in line with the Capchart amendment. There will also be a simplified optional method of computing ceilings, for firms not under CPR 22 and 30 and doing less than \$250,000 of business a year.

CHECKLIST:

Defense Regulations

The following listing and condensed description cover all the materials and price-control regulations issued by the defense agencies during the preceding week.

Full texts of the materials orders may be obtained from National Production Authority, Washington 25, or from any Dept. of Commerce regional office.

Full texts of the price orders may be had from the Office of Price Stabilization, Washington 25, or from the regional OPS office in your area.

Materials Orders

Aluminum wrought products: Provides that any aluminum distributor may place orders with a producer for replacement of stock sold during the preceding month to fill authorized controlled material (ACM) orders and orders under NPA directives. M-88 (Nov. 1).

CMP steel orders: Permits steel producers to accept or reject CMP orders (except in case of direct military or AEC orders) up to 15 days prior to expiration of product lead times. M-1, Dir. 3 as amended (Nov. 1).

Lead and zinc products: Permits

NEW PAY PLANS FOR EXECUTIVES

How 100 Leading Firms Use Stock Options, Bonus Plans, Deferred Compensation, Pensions To Give Executives More Net Pay at Lower Cost

NEW YORK, Nov. 10.—J. K. Lasser and W. J. Casey have made public some startling facts and figures of serious concern to every executive. Today's \$25,000-a-year executive has only \$9,701 left in 1939 dollars after paying taxes; in 1940 he had \$22,000 left.

Yet, while taxes and inflation have revolutionized the character of executive compensation, many executives are still paid inadequately under outmoded standards and find it impossible to build capital and security. As a result, many firms lose or fail to get key men.

Lasser & Casey's new manual on EXECUTIVE PAY PLANS now shows for the first time how to use stock option, bonus, deferred compensation, pension, profit, insurance and other plans. It shows tax and financial consequences and gives best features of plans of 100 leading firms including Bloomingdale's, Republic, Gulf, Sears Roebuck, Philco.

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sellers to increase ceiling prices by 2¢ a lb. for lead and zinc content used in certain listed products. GCPR, SR 76 (eff. Oct. 24).

Tire mileage: Permits contracts without escalator clauses between contractors of tire mileage service and bus, taxi cab, and truck operators to remain in effect until the expiration date or next renegotiation date, whichever time happens to be earlier. CPR 64, Amdt. 1 (eff. Oct. 31).

Apparel wholesalers, retailers: Provides relief from replacement price squeezes on wholesalers and some retailers of apparel, along with a requirement that ceiling price reductions by their suppliers be reflected in ceiling prices to the consumer. GCPR, SR 29, Amdt. 4 (eff. Nov. 3).

Machine tools: Redefines the term machine tools by listing 21 specific types of nonportable power-driven machine tools used for the shaping of metal. Only these types are covered by the machine tool regulation. GOR 15, Amdt. 1; CPR 30, SR 2, Rev. 1, Amdt. 2 (eff. Nov. 3).

Wooden agricultural containers: Sets dollars-and-cents ceiling prices on more than 100 standard sizes of wooden containers used in the marketing of farm products, covering 37 eastern, central, and southern states and sold anywhere in the U.S., territories and possessions. CPR 90 (eff. Oct. 29).

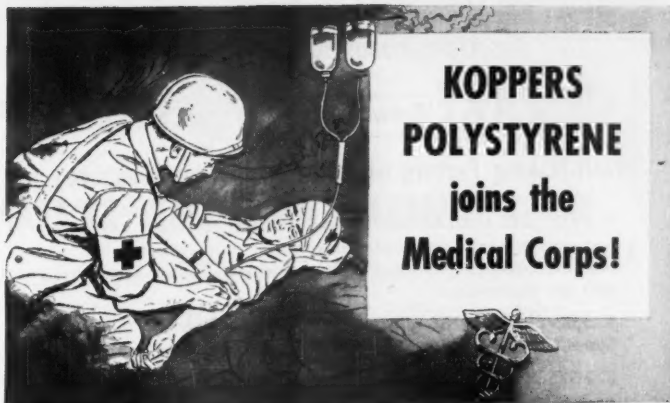
Frozen fruits and vegetables: Extends the mandatory effective dates of the frozen fruits and vegetables ceiling price regulations from Oct. 25, 1951, to Nov. 15, 1951. CPR 81, Amdt. 1; CPR 82, Amdt. 1 (eff. Oct. 25).

Canned tomato products: Permits processors either to use CPR 55 ceiling prices or sell at a price agreed on in writing with their buyers, provided the final sales price is either the contract price or the subsequent ceiling price, whichever is lower. CPR 55, SR 4 (eff. Oct. 26).

Wild game: Permits operators of frozen foods lockers in Colorado to increase their ceiling prices for processing wild deer, elk, and antelope, killed during the 1951 hunting season, to 70¢ per head over present ceiling prices. CPR 34, SR 6 (eff. Oct. 13).

Frozen fruits and vegetables: Authorizes processors of frozen fruits and vegetables to continue to maintain different price classes for some of their items, including those sold and advertised under special brand names. CPR 81, Amdt. 2; CPR 82, Amdt. 2 (eff. Nov. 15).

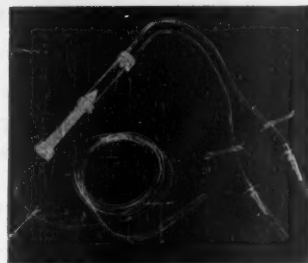
Distilled spirits and wines: Establishes a formula method for setting new distributor ceiling prices for imported and domestic distilled spirits and wines sold in packages for off-premise consumption by permitting a percentage markup on excise taxes when they are



● The demand for certain types of medical equipment sent product engineers into their laboratories, and again they found another use for Koppers Polystyrene. They developed an all-plastic blood and plasma infusion set with a heart of Koppers Polystyrene. The filter housing for the woven nylon filter dripmeter is a rigid, transparent, completely sealed tube of polystyrene which has higher resistance to breakage than glass. Polystyrene needle adapters, at the ends of vinyl tubing, provide a tight, secure fit to the needle, and permit visual evidence of blood flow. The unit is sterilized before shipment and is discarded after use. These all-plastic, low-cost infusion sets are ideal for use in military field emergencies, receiving stations and base hospitals as well as in normal hospital applications.

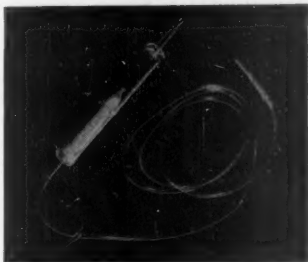
Koppers Polystyrene 81 was used in these sets because its high heat resistance and easy moldability resulted in a faster molding cycle, and produced a light weight unit with a high resistance to breakage.

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included as part of the cost of an item. CPR 78, SR 2; CPR 78, Amdt. 1 (eff. Nov. 1).

Excise taxes: Permits manufacturers to add on the exact dollars-and-cents amount of any excise tax increases or reduce prices if excise taxes have either been reduced or eliminated, except in the case of tobacco. GCPR, Amdt. 23; GCPR, SR 29, Amdt. 5; CPR 22, Amdt. 32; CPR 30, Amdt. 19 (eff. Nov. 1).

Arkansas cigarettes: Permits wholesalers and retailers of cigarettes in Arkansas to add the exact amount of the federal cigarette tax to their ceiling prices. GCPR, SR 53, Amdt. 1 (eff. Nov. 1).

DEFENSE BUSINESS BRIEFS

A czar for aluminum, to mastermind both expansion and allocation, is being set up in the Defense Production Administration. Samuel Anderson, now a special adviser in the loan department of the International Bank, will run the show. The setup is similar to the overall aircraft production office.

An allocation order to assure a steady supply of replacement parts and components to distributors is under consideration by NPA. The order would include inventory control and a factory set-aside for distributors.

A conservation order to cut the amount of copper going into plumbing fixtures was approved by the Plumbing Brass Goods Advisory Committee in a meeting with NPA. The industry still won't be able to produce enough fixtures to fill construction needs next year, the committee warned.

Lamp and shade makers next quarter will get only 10% as much aluminum and 10% as much brass mill goods as they used in their base period—either the first half of 1950 or the last half of 1949. NPA said the cutback was the first of a series for makers of non-essential civilian goods.

The Pictures—Cover by Rus Arnold. Acme—45, 114 (lt.); Jack Birns—78, 79; Combine—161; Morgan Fitz—110, 111; Harris & Ewing—40; Bob Iscar—21, 25 (top rt.), 34, 132, 133; The Glenn L. Martin Co.—106; Mollet—162; Reni Photos—25 (bot.); Charles Rotkin, P.F.I.—23; Charles Perry Weimer—164; Wide World—22, 81; Dick Wolters—25 (top lt.), 88, 89, 90, 94.

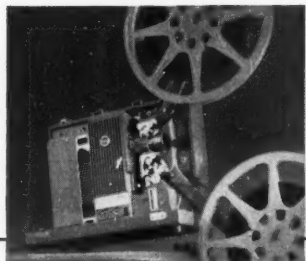
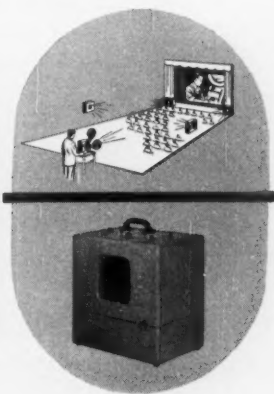
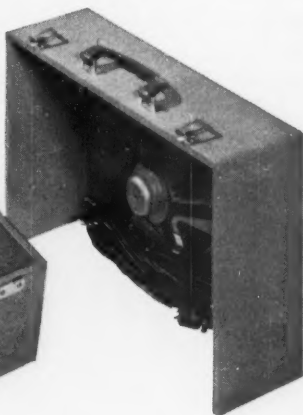
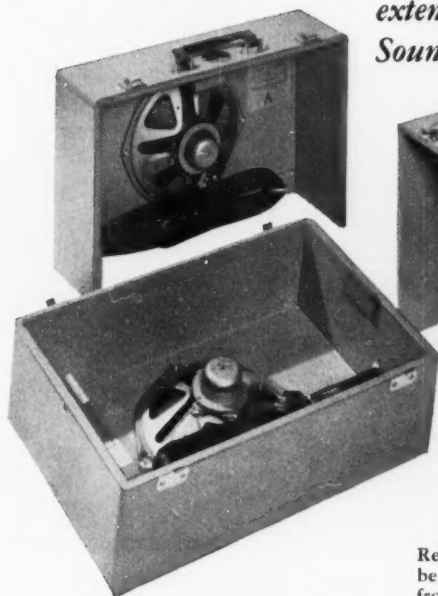
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Prices are subject to change without notice and include Federal Tax applicable when this advertisement was released for publication.

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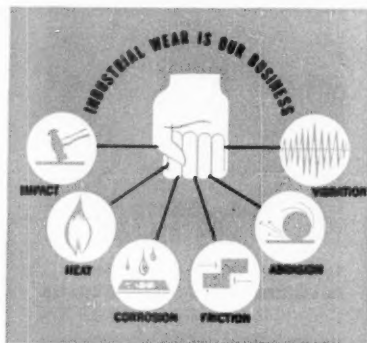
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INTERNATIONAL OUTLOOK

BUSINESS WEEK

NOV. 10, 1951

A

BUSINESS

WEEK

SERVICE

The U. S. is off on a peace offensive of its own.

Both Truman and Acheson this week soft-pedaled the earlier "positions of strength" policy, stressed our willingness to talk things over with the Russians (page 15).

Big points in the Truman-Acheson program are these:

- A disarmament scheme that would involve a U. N. count of weapons on both sides, including atomic bombs.
- U. S. agreement that Germany should be united, provided the U. N. supervises the elections.
- A truce in Korea—soon.

Washington figures this move will break the Soviet monopoly on peace talks and ease tensions domestically and among our allies. For the past three years, Vishinsky has made propaganda hay with his various "peace" proposals.

But U. S. diplomats count on a bigger gain than this. They think Vishinsky will now be on the spot—either he will have to reveal how hollow Russian peace talk has been, or he will have to agree to real concessions.

It's even possible that Big Four talks are in the offing. Moscow seems desperately anxious to discuss the German unity question at this level.

But Acheson won't buy a Big Four meeting unless the Russians first show an interest in a real settlement.

You will get your cue on Moscow's intentions from:

- (1) Korea. The U. S. will insist on a cease-fire before there are any high-level talks.
- (2) Middle East. Vishinsky is sure to embarrass us there with propaganda proposals, such as internationalization of the Suez. But open support for the Egyptian government on the canal question, or a Communist uprising in Iran, would be taken by the West as a sure sign that Russia hasn't changed its mind.

In fact, if there's no cease-fire in Korea soon, the whole atmosphere in Paris could change drastically.

For one thing, the U. S. might ask the U. N. for a blockade of the China coast plus other economic sanctions. In that case, Britain probably would withdraw its recognition of Peiping.

What's more, the United States would push the U. N. to go ahead with collective security machinery via the Assembly rather than the Security Council. In effect, that would turn the U. N. into a military alliance against the Soviet bloc.

Acheson has won British and French backing for his new tactics.

Foreign Secretary Eden believes in tight collaboration with the U. S., is ready to let the U. S. take the initiative. No doubt, though, Eden has Acheson's promise of strong U. S. backing for British policy in the Middle East.

France's Schuman also is ready for the U. S. to take the lead in Paris. But first Schuman got a U. S. promise not to back Morocco's claim for independence from France.

Gen. Eisenhower's trip home (page 23) also has helped Big Three unity at Paris. Eisenhower made these points in Washington:

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
NOV. 10, 1951

- The U. S. must quickly make up the lag in arms shipments to Western Europe. Otherwise, NATO won't be able to field even 20 divisions next year.
- Western Europe hasn't the economic strength for big arms production. Even now the area needs more U. S. economic aid than Congress has provided.

•
Britons now have the bad news: Chancellor of the Exchequer R. A. Butler says that gold and dollar reserves plummeted \$320-million in October alone.

Butler wants to slash spending abroad by a tremendous \$980-million a year (BW-Oct.27'51,p172). The cut will hit food and raw material imports from the nonsterling countries.

Other measures include an excess profits tax, a building freeze, restoration of Britain's timber buying to private traders.

But the import cuts are the bitterest pill of all. It's hard to see how they can go through without completely upsetting the British economy. One possibility: The U. S. might ease the pain by shipping steel and other materials for Britain's rearmament under the arms aid program.

•
Winston Churchill is set to unscramble Britain's nationalized steel industry. But that raises a sticky problem.

How do you give the industry a new framework so acceptable to the majority of Britons that Labor won't renationalize if it returns to office?

One solution: Churchill might adopt a suggestion made last year by the Trade Unions Congress. This plan involves private ownership and independent management, subject to controls on prices and capital spending. The control board would include steel men, unionists, and a neutral chairman.

Actually, many unions aren't keen on the steel nationalization. And steel men won't object to the plan. The industry has had public supervision since it got a protective tariff 19 years ago.

•
The steel denationalizers face a tough money problem.

The government compensated private owners to the tune of £233-million. Former owners and the semipublic Finance Corp. for Industry are ready to take back £100-million worth of stock. The balance could be floated if investors are given good terms and assurance they won't be nationalized again.

Bonds and stocks of the strongest companies will be easy to sell. But the common stock of less-efficient outfits would go begging. That alone may force a crop of mergers before the job is done.

•
President Peron looks like a shoo-in in Argentina's elections on Sunday. But he's not to be envied: His wife is critically ill, and so is his country's economy.

There's a galloping inflation. Currency in circulation is way up, the dollar value of the peso is way off. The April cost-of-living index, latest available, was officially reported at 367 (1943 = 100). But independent sources put it closer to 600. And there's been a big rise since.

The international picture is worse. Terms of trade are badly against Argentina; foreign exchange holdings are down. And there's a shortage of staple export items—wheat and meat—that raises the question whether Argentina can even feed itself without rationing.

BUSINESS ABROAD



LABOR rule in Australia ended two years ago, but Prime Minister Menzies finds . . .

Socialism Clings Down Under

Liberal-Country majority has halted nationalization, but still finds itself in business, and using multiple controls. Only in Australian foreign policy has there been a shift.

Two years ago, in December, 1949, the Labor government in Australia was ousted at the polls by Robert G. Menzies' Liberal-Country party. Since then, Menzies has won another election this year, has had a chance to show what a government orientated toward business and agriculture can do when it takes over a Socialist state.

For those who look at Australia as a test case—of what can happen in Britain under Churchill or in a rightward-moving U.S. if a Republican wins in 1952—the results aren't too impressive. The changeover has brought few policy shifts of real importance to business. Only in the field of foreign policy has

there been a clear change in Australia.

• **Standstill**—Of course, the Socialist tide in Australia has been checked. Labor had insurance, shipping, radio services, and sugar refining on its nationalization list in 1949. And Labor still hoped to put through the nationalization of banking, even though the Australian courts had previously voided its first move in this direction.

But Menzies has done little to upset the pattern of state ownership that existed when he took over. The federal government still participates in these businesses; aluminum, oil refining, bus manufacture, telegraph. The only thing the government has pulled out of is

radio manufacturing. Recently, it sold to private investors its stock in Amalgamated Wireless Australia, Ltd.

• **Inflation**—In the case of government economic controls the story is much the same. Menzies had planned to discard most of the control network that Labor had used. He started by lifting gas rationing and by dropping some monetary controls. But before long the monetary controls went back on to stem Australia's surging inflation.

The major difference is that business accepts controls today much less peevishly than it did when Labor ran the show. For one thing, businessmen know that the Menzies government is not using controls as a means of imposing state regimentation on the whole economy.

As for welfare benefits, Menzies is in deeper than Labor ever was. This is partly the result of outbidding Labor on family subsidies in the 1949 elections. Family subsidies now start with the first child rather than with the second. However, the national health plan, which includes free medicines and medical attention, is operating a lot more effectively than it did when Labor was in office. Under Labor, the plan never worked because of passive resistance from the doctors.

• **Trivial Strikes**—These welfare benefits haven't paid off in better labor relations. Australian unions regard the welfare handouts as a means of keeping down wages. So Communist troublemakers find it easier to sell the idea of a strike over a trivial issue. That has made union relations with both government and management a lot more strained than they were two years ago.

Energetic moves by the government to put down strikes have merely brought a change in union tactics. The unions have shifted from mass walkouts to small but widespread and frequent hit-and-run strikes. As a result, the strike picture under Menzies has been worse than in 1949—with 50% more strikes, 50% more working days lost, and 130% more plants involved.

Also, Menzies has put up a stubborn but vain fight to ban the Communist party and oust Red union bosses. The Australian people as a whole recently voted against him on this issue in a national referendum.

• **International**—In the field of foreign policy and defense, though, the Menzies government has made some significant departures from the Socialist isolationism of the last Labor government. Australia was the first power after the U.S. to send air units to Korea. All Menzies' military planning since that time has been based on the use of Australian troops anywhere in the world to meet Communist aggression.

There's been a new, snug correlation with American policy. Foreign Minister

Spender has geared his policy to U.S. ideas in the Pacific, whereas Labor's Evatt championed abstract U.S. ideals without tangible commitments. The Menzies government, too, has side-stepped traditional Labor scruples about seeking dollar loans for national development. Last year Australia obtained a \$100-million loan from the World Bank.

The present government, though, is having trouble with armament production. So far it has been unable to impose an effective arms program on Australia's overstrained production machinery. Most neutral observers in Australia believe that, with an acute labor shortage, the only way out is a longer work week. But Menzies hasn't dared attack this problem head-on. Instead, he has been trying, not too successfully,

to manipulate resources via taxation plus credit and investment controls.

• **Longer Week**—It's probably safe to say that only a Labor government could talk the unions into accepting a longer work week. Many businessmen believe that the Socialists, through their influence over the unions, could handle defense production more effectively than the Menzies government. That's assuming, of course, that if Labor came back into office it would have changed ideas about the world situation and Australia's role in Pacific defense.

The Labor opposition has done nothing so far to get union support for Australia's arms program. But it has held back from trying to make things really hot for Menzies by using the union organizations to stymie the government's program.

Ford on the Move

Will shift entire Canadian assembly operation to Toronto area. Windsor worries, but is promised jobs.

Last week Rhys M. Sale, president of Ford Motor Co. of Canada, fired a shot heard from one end of Ontario to the other. He delighted Toronto businessmen with the announcement that Ford was set to build Canada's largest factory at Oakville, 20 mi. outside town. But he dismayed Windsor (Ont.) city fathers with the news that Ford-Canada's entire assembly operation would be moved—lock, stock, and barrel—to the new location.

• **A Shock**—Windsor, long Canada's Detroit, was stunned. It's the first broadening of Ford-Canada's manufacturing beyond the city since the company set up shop there in 1904. For years, Windsor boasted Canada's largest auto factory; its 11,000 workers represented about 25% of Windsor families. The Windsor local of the United Auto Workers was the most worried of all.

Actually, Windsorites may not be so badly off as they fear. President Sale assured them that establishment of Oakville doesn't mean Ford is "pulling out of Windsor." The company plans to convert the existing assembly plant to engine manufacture and expand the machine shops and foundry facilities there. And though Oakville will employ between 4,000 and 5,000, that doesn't mean a comparable drop in Windsor's work force.

Even so, it will be a profound shock. Windsor's Mayor Arthur Reaume hopes it will encourage his city to diversify and thus end its reliance on the auto industry.

• **In Two Years**—The sprawling Oakville plant (1.4-million sq. ft. of floor space) will start operations within two years. The big reason for the move, says Sale, is to get "closer to the bulk market for motor vehicles in Canada." He pointed out that only 3% of Windsor's car and truck production (a record 129,026 last year) is marketed in the Windsor area. On the other hand, fully 36% of all Canada's cars and trucks are sold within a 200-mi. radius of Toronto; another 25% in Quebec and the Maritime provinces.

All told, Ford-Canada will spend upwards of \$50-million on long-range expansion. Besides Oakville and the conversion at Windsor, there's talk of parts depots at Montreal and Regina (Sask.). Sale figures that the signs "point unmistakably to increasing demand for cars and trucks in the future."



Hotel on Bosphorus to Join Hilton Chain

Last week, in New York, hotel man Conrad Hilton unveiled plans for the swank, \$4.8-million Istanbul Hilton (picture), the first modern hotel along the Golden Horn. Ground will be broken within a month on a parklike site overlooking the Bosphorus from Turkey's European shore. When it's finished in 1953, the Istanbul will be the easternmost link in a fast-growing chain of Hilton-run hotels abroad (BW—Jan. 13 '51, p. 108).

Turks feel they have plenty to gain from the Hilton project. It will serve as the nucleus for a modern hotel industry, lure comfort-conscious tourists who have been leery of travel to Turkey. Junketing Americans will feel right at home—with 300 outside guest rooms, each with its own balcony; a soda foun-

tain, beauty parlor, and swimming pool.

Hilton won't actually own the hotel. The Turkish government, with ECA guarantees, is putting up the money; then Hilton steps in with operating capital, runs the hotel, gets one-third of the gross take. It's like the deal Hilton has in Puerto Rico, where the Caribe Hilton (similar to the Istanbul) is winding up its second year.

Meantime, the Hilton chain abroad keeps growing. At latest reckoning, Hilton Hotels International, Inc., had signed contracts for a new hotel now building in Madrid, slated to open next summer; had finished preliminary paper work for hotels in London, Rome, and Athens; and had started hotel deals simmering in both Havana and Mexico City.

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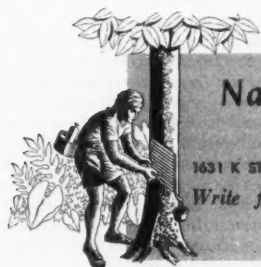
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The rubber tree means more to more people than any other tree in the world. From it comes the milky juice that provides a key to modern living. It is a vital raw material which the creative skill of the American rubber manufacturers turns into thousands of rubber products from latex foam mattresses to giant truck tires.

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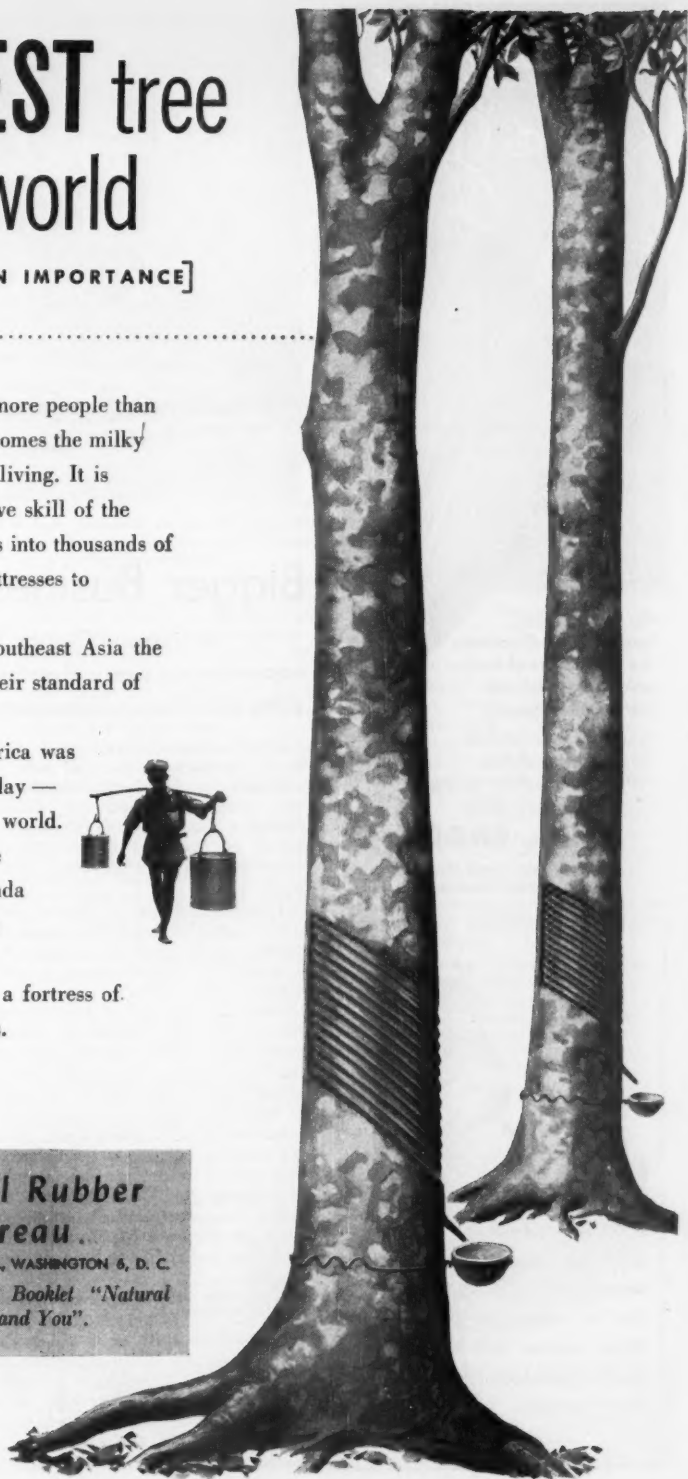
The rubber trees of Malaya are a fortress of freedom in Asia for all free nations.

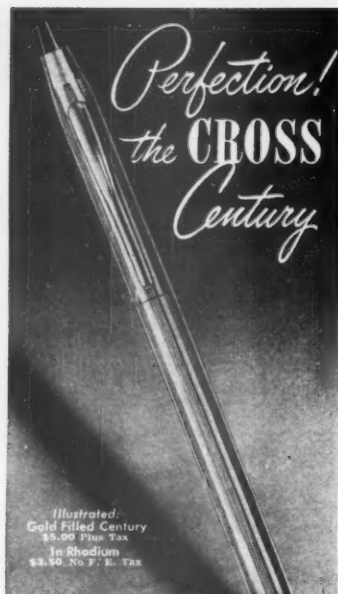


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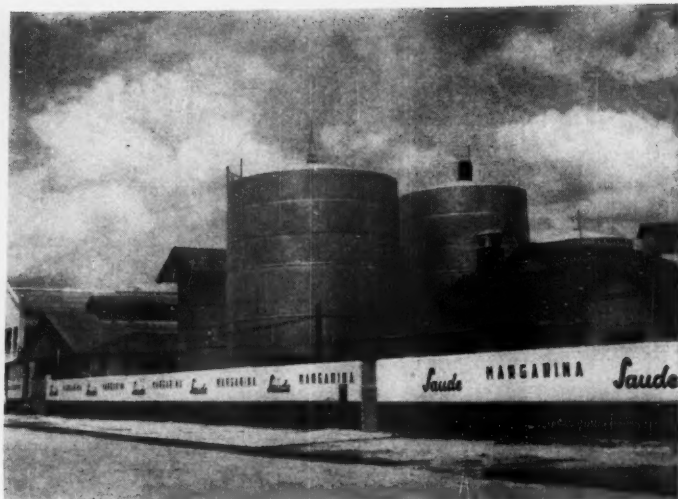
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Bigger Business in Brazil

Anderson, Clayton & Co.'s big Brazilian subsidiary is expanding in every direction—from cotton to soap to insecticides to coffee. Latest expansion move: soybeans.

Brazil's booming economy is about to get another boost. This time it's soybeans—the latest agricultural-industrial project of Anderson, Clayton & Co., Ltd. That's the Brazilian subsidiary of Anderson, Clayton & Co., Houston, colossus of the world's cotton trade.

• **Pioneer**—Anderson, Clayton Brazil (called "ACCO") is pretty much of a colossus all by itself. It started out in a small way 16 years ago as a cotton exporter. Now it's grown up to be one of the big businesses of Brazil, among the two or three largest U. S. investments there. The replacement value of ACCO's Brazilian investment was cautiously pegged this fall at \$25-million. It includes a network of cotton gins, oilseed mills, plus a refinery and processing plant for edible oils. It has fertilizer factories, an insecticide and an animal feed plant. And there are coffee bean preparation plants and sisal production. Over all, there's a big fleet of railway tank cars and trucks to bind the outfit together.

This year will set a record in a field that ACCO has pioneered in Brazil—\$12.5-million worth of crop loans and credit sales to Brazilian cotton and coffee growers. They're a key aspect of ACCO's work in Brazil—to encourage agriculture, buy and process the crops, then sell them in Brazil or abroad. Plenty of Brazilians will tell

you that the ACCO operation is a good example of the Point 4 theory at work: generous transfusions of cash, knowhow, and public relations combining to give the investor a healthy return and to boost the local economy.

• **A Booster**—The new soybean operation, which Brazilians are betting will come off with flying colors, is a good example of how ACCO does business. Here's the plan:

Soybean cultivation is only about 10 years old in Brazil, most of it in the southernmost state of Rio Grande do Sul. The crop runs about 50,000 tons; but it's far from any industrial centers where large-scale processing and marketing is possible and isn't tied in with any important crop rotation program.

ACCO aims to bring the bean to Sao Paulo state, where the bulk of the company's operations are spotted, to improve the coffee-cotton-corn-rice agricultural base there, and to increase the supply of oils for manufacture into human and animal feed. Also, ACCO hopes to open the way for the other uses that industry has found for the bean.

• **Trial Run**—The first stage of the plan involves corralling supplies of planting seed and educating farmers. Working along with the Sao Paulo state agronomists, who have lined up 30 leading farmers for the trials, ACCO supervises, demonstrates, furnishes harvester

combines to reap the crop. And the company has imported a crack soybean specialist from the U.S. to help out.

Stage Two, which should arrive in two to four years, will bring tremendous expansion in soybean production. That, plus an improvement in other crops that can be rotated with soybeans—cotton and corn. The payoff: ACCO has more cotton for its gins and soybeans for its oil plants; the Brazilians have another money crop.

This sort of agricultural extension work isn't new to ACCO. The local managers of its 47 cotton gins, for example, receive training in mechanical cultivation, use of fertilizers and mixed feeds. And they have the job of screening the farmers' applications for cash loans and credit purchases.

• **Greener Fields**—ACCO first got interested in Brazil in 1926. That year, Sao Paulo state produced 16,500 tons of lint cotton—a piddling output, but promising in an area where soil and climate conditions are similar to the great cotton belt in southeastern U.S. By 1934 Sao Paulo was up to 102,000 tons, and ACCO opened a small buying office. One big reason for ACCO's interest: The U.S. cotton crop was being restricted to boost depression prices, had pretty well priced itself out of the market.

By 1935 ACCO was one of Brazil's top cotton exporters. Last year it exported 28.4% of the cotton and 35.8% of the linter shipments.

• **Far-Flung**—Today ACCO has 47 cotton gins—34 in Sao Paulo, two in Parana, two in Goiaz on the frontier of Brazil's undeveloped hinterland, and nine in the northern "bulge" area. Together, they handle 25% of the cotton crop. Working with the gins in Sao Paulo are six cottonseed crushing mills—pressing cottonseed and peanuts. In Sao Paulo, too, there's a castor bean oil plant. Another like it is planned for Rio Grande do Sul to work on the soybean crop.

A fleet of 65 tank cars shuttles between the oil mills and the Sao Paulo suburb of Lapa, where ACCO has its refinery and margarine factory (page 164). These two plants produce 33% of Brazil's cooking oil, salad oil, shortening, soap, peanut butter, and margarine.

• **Diversified**—ACCO has to spend a lot of time battling crop enemies—depleted soil and insects—that bite into supplies. It has two fertilizer mixing plants, a third in the works. And it's recently finished a \$1-million insecticide factory, the largest and most modern in South America.

The company has found even newer fields for expansion in coffee and sisal. Since ACCO entered the coffee business with coffee bean preparation plants in 1949, it's become one of the top five exporters in Brazil. Sisal fiber, too,



If you weren't a hard man to reach,
they wouldn't want to reach you
by don herold

THIS ad is addressed to big fellows . . . to men who can guide the spending of a few hundred thousand or a few million dollars.

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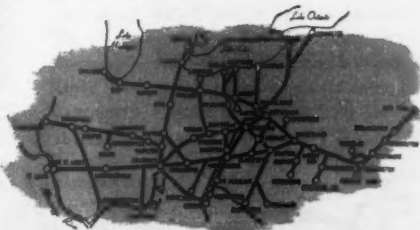
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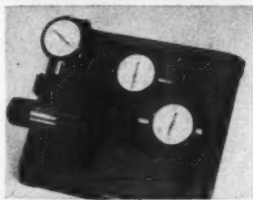
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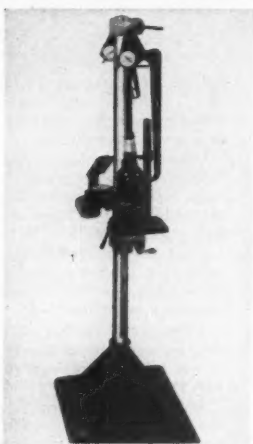
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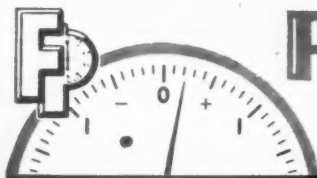
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is a promising, though small, export item, and ACCO is pioneering its production in northern Brazil.

It takes a lot of help to run a far-flung enterprise like ACCO. The payroll is over 4,000. Only 147 companies there employ more than 500. The payroll is overwhelmingly Brazilian: Law requires a minimum of two-thirds of the workers be native labor. Americans, though, hold down the key jobs.

BUSINESS ABROAD BRIEFS

Business in B. C.: The first oil strike in British Columbia history was made last week by Pacific Petroleum, Ltd. It's in the northern part of the province, 50 mi. up the Alaska Highway from Dawson Creek. . . . Vancouver's H. R. MacMillan Export Co. and Bloedel, Stewart & Welch, Ltd., are merging to form the world's second-largest timber empire. The new firm, MacMillan & Bloedel, Ltd., will have assets of over \$100-million, second only to the Weverhaeuser interests in the U.S. . . . Japanese steel is arriving in Vancouver in a unique swap. The Argonaut Co., subsidiary of Utah Construction Co. of San Francisco, is sending British Columbian iron ore to Japan. Steel comes back to Vancouver, mostly for use in Alberta's oilfields.

Anglo-Iranian Oil Co. is studying the British colony of Aden—on the southern tip of the Arabian peninsula—as a possible site for a new oil refinery.

Machine tool manufacturers in Japan have received \$17-million worth of inquiries from U.S. businessmen. Some of them are panning out into solid orders: Tsugama Mfg. Co. is about to nail down a \$750,000 contract for automatic screw machines from Barclay & Co. of Seattle.

The first big soda plant in South America went into production near Bogota, Colombia. It was built by H. K. Ferguson Co., Cleveland, at a cost of \$10-million; it will save Colombians about \$2-million a year in foreign exchange. Output will be 52,000 tons of soda ash, caustic soda, and sodium bicarbonate annually.

Linked: The first direct radiotelegraph service between Guam and the U.S., and Syria and the U.S., opened last week. RCA Communications, Inc., masterminded both developments. . . . Direct air service between the U.S. West Coast and Central America will begin Dec. 3. Pan American World Airways will fly the route nonstop, lopping four hours from the present trip via Mexico City.

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The Businessman and the WSB

What should be the attitude of the businessman toward government controls that affect his business? A practical case at hand concerns the Wage Stabilization Board, which is now trying to spell out the next phase of wage policy.

The board has had a far from glorious history in its brief life so far. The President has been willing to regard it as a political tool. Labor leaders have looked upon it as a means to further their own ends. As now constituted the board is really the product of a revolt by organized labor against its predecessor.

Notwithstanding all that—and it is a great deal—the board remains a legally established body charged with a vital task in our economic mobilization. Businessmen must, and should, accept the board in good faith and work with it.

Because that is our belief, we were interested in the recent statement of the president of the National Association of Manufacturers, virtually writing the board off as a total loss.

"To be realistic about it," he said, "we must be prepared to face in the very near future the practical collapse of anything approaching effective wage stabilization." Mr. Ruffin went on to say that the only forces in the nation strong enough to break wage stabilization policy are the powerful international unions in the mass production industries.

He is perfectly right in his analysis of the power that these great unions have to pull down this vital phase of our economic mobilization effort. His prediction of the imminent collapse of national wage policy, however, seems to play into the hands of labor leaders like Philip Murray, whose United Steelworkers (CIO) are now pressing for a big wage boost. If it does that, it weakens the position of the industry members on the board.

At the same meeting addressed by the NAM president, G. Maynard Smith, Atlanta corporation lawyer and an industry member of WSB, declared: "If stabilization should break down, one reason will be the readiness of employers to seek approval for wage rates that pierce the board's ceiling." Smith went on to document his case. Of the 20,769 applications brought to the board up to Oct. 5, only seven involve cases in which the employer had not joined.

The same point was made by Walter H. Wheeler, Jr., president of Pitney Bowes, Inc., and head of the New England Council. His comment on Ruffin's prediction that wage stabilization is near collapse was this: "If it does collapse, the record will show it was due as much to the pressure of management as to labor, management being unwilling to stand up to labor for fear of lost profits."

What Smith and Wheeler have to say makes sober reading for any businessman concerned with the problem of wage control in the inflation fight.

This is no easy matter. The pressure on management today is enormous to get it to accede to all sorts of wage demands by organized labor made under the threat of strike votes and other pressure from the unions and even from the conciliation service. It is hard not to go along in submitting the requests to the Wage Stabilization Board. But businessmen must make this choice: Either wage issues are hammered out across the bargaining table at home, or they are passed on to the WSB. If business chooses the latter course and supports union leaders in piercing wage ceilings, as the record shows to be the case, then business leaders must face up to their responsibility over against WSB. They cannot write the board off. They must help it plot a new course. That is only simple, common sense.

Oil, Poverty and Power

What's happening in the Middle East? Iran has thrown the British out of Abadan, broken contracts, disrupted an oil supply vital to North Atlantic defense. Lebanon deputies charge oil is smuggled to Israel and ask revision of British and American leases. Egypt is trying to oust the British from the Suez Canal, life-line between the West and India, and to grab the Sudan.

On the surface much of this is about oil, but the story really starts with poverty. The people of the Middle East have been dirt poor for centuries, and their rulers rich. When oil was found there, the spread between rich and poor seemed to grow worse. Some of the new wealth went to stockholders in Britain and the United States who had put up money to develop wells. That was a flea bite worth scratching. Every time the people complained, their rulers answered that the foreigners were responsible.

The whole mess is made worse by the fact that the Middle East is the bridge between Europe, Asia, and Africa, with feet in all three. This is a place that the West must hold if the Russian flood is not to roll on.

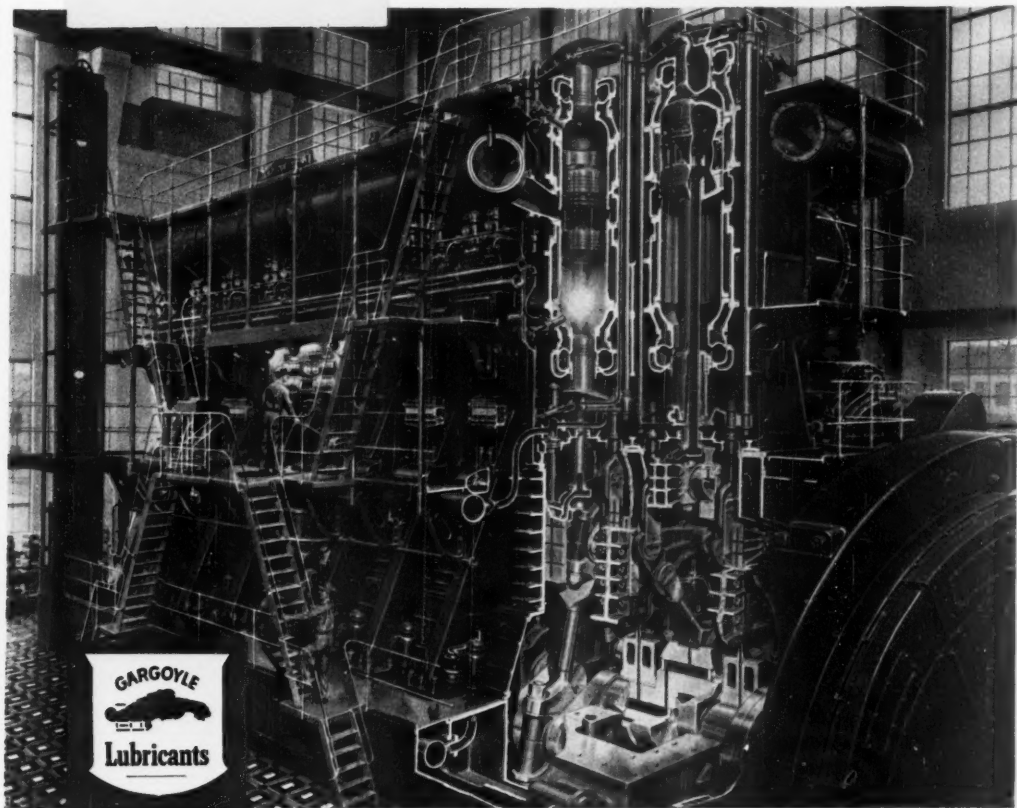
All this gives the region a dangerous illusion of power. These nations are weak in military strength and strong in the power to stir up trouble. More picturesque than dependable, their leaders promise riches to the hungry when the foreigner is driven out. These shifty pashas, fully capable of invoking nationalistic fervor to divert their oppressed peoples, represent a kind of Islamic fascism.

How should we plot our course in this troubled belt? First, by recognizing the crying need for social reform that underlies the whole ferment; second, by backing honest leaders who are trying to do something about it; third, by working problems out with Churchill's Britain and agreeing on a joint plan in advance rather than after each new crisis. This is no game to play a lone hand in, nor can we let it go by default. We need bold constructive statesmanship from the West if the Kremlin is not to walk in and pick up the pieces in a basket.

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The steel that became a string saver

WHEN an oil well is being drilled, a string of drill pipe propels the drill bit downward in a tortuous journey through as much as three miles of rock and dirt. That puts a terrific strain on the tool joints—alloy steel connections that fasten the sections of drill pipe together. Failure of one of these joints would mean a costly underground break in the string.

Looking for a better alloy steel to use in the joints—a steel which would stand the strain longer without risk of breaking—

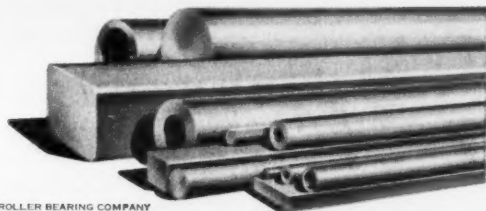
manufacturers brought the problem to The Timken Roller Bearing Company. Metallurgists of the Timken Company studied the requirements—thought that Timken seamless tubing of a certain analysis might be what was needed. And tests proved they were right. Since Timken tubing has a refined grain structure and spiral grain flow, it gave the joints forged quality. They lasted longer and there was less chance of a break in the string due to joint failure.

In addition, the manufacturers found that

Timken tubing saved production time in the factory and cut material costs. The tubing which made better tool joints possible is only one of many forms and analyses of Timken fine alloy steel. And the tough problems stamped "Solved—by Timken Alloy Steel" are numbered in the hundreds. The Timken Roller Bearing Company, Steel and Tube Division, Canton 6, Ohio. Cable address: "TIMROSCO". Tapered Roller Bearings, Alloy Steels and Seamless Tubing, Removable Rock Bits.



YEARS AHEAD—THROUGH EXPERIENCE AND RESEARCH



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